

WS SUMMARY

BUSINESS

New gains in gilts; equities up 5.6

• GILTS made further gains on the exhaustion of the long tap stock, but closed well below the best as sentiment was under-

mined by worries about inflation. The FT Government Securities Index advanced 0.17 to 68.88, for a rise of 1.55 in the past five trading days.

• EQUITIES went ahead on modest demand, but gave up some of the gains in sympathy with gilts. The FT 30-Share Index, up 7.2 at 2 p.m., closed at 451.8, ahead 5.6 on the day.

• STERLING edged down 1 point to close at \$1.7377 and its trade-weighted index fell to 61.7 (61.8). Dollar was weaker against other major currencies.

• GOLD rose \$1.25 to \$145.625. • WALL STREET fell 4.3 to 837.38.

• NEW YORK Federal Reserve Board's operations in the money markets indicate that it has tightened its monetary policy more firmly than thought earlier. Back Page

strike

• services between Ireland will be on a one-day over a demand for pay rise. Page 4

new bomb

is 70% British

• NATIONAL PANASONIC, Japan's largest TV manufacturer, is launching a new 22-inch colour TV set, produced at its Cardiff factory. Seventy per cent. of components, by value, are from British suppliers. Back Page

• ICI CLERICAL workers have submitted a claim for pay rises of up to 30 per cent. in place of any settlement under Phase Two. The claim is similar to one submitted by Shell workers.

Back Page. Engineering workers' leader, Mr. Hugh Scanlon, has made it clear his union will vote in its block vote at the TUC Congress to support the 12-month rule on pay settlements. Page 10

• GREEN SHIELD has suffered another blow with decisions by Shell, Total and Conoco to drop trading stamps from their managed petrol stations. Some oil companies are considering following suit. Back Page

• HOUSE-BUILDING activity improved in the second quarter this year. The number of houses on which work began was 12 per cent. higher than in the previous three months, although it was still 23 per cent. down on a year ago. Page 8

• TRANS WORLD Airlines is following Pan American in offering new cheap Atlantic fares to compete with the Laker Skytrain. Page 9

COMPANIES

• LETRASET increased pre-tax profit by 50 per cent. to a record £6.52m. in the year to April 30. Page 14 and Lex.

• WESTINGHOUSE Brake and Signal lifted first-half pre-tax profit to £2.37m. (£1.93m.) Page 14

RE CHANGES YESTERDAY

unless otherwise stated)	Scottish Metropolitan	93 + 5
	Smith Bros	55 + 5
YES	Smith (W. H.) A	500 + 15
rs 186 + 8	Thorn Elect	208 + 8
rs 186 + 8	Union Desousse	335 + 15
243 + 8	United Scientific	184 + 8
158 + 6	Wheatheads	178 + 8
238 + 7	White Child & Bony	72 + 5
504 + 18	Woodhead (J.)	144 + 7
504 + 18	Xitross	253 + 10
504 + 18	Lithuan	243 + 15
504 + 18	President Brand	878 + 24
504 + 18	Sunbeam	84 + 7
246 + 8	West Rand Conn	155 + 7
215 + 8	FALLS	79 - 5
94 + 6	Borthwick (T.)	208 - 4
94 + 6	Jevons Cooper	56 - 4
125 + 5	Lloyds Bank	255 - 17
170 + 9	Oil Exploration	312 - 29
430 + 8	Siebens (U.K.)	250 - 23
430 + 8	Assam Frontier	250 - 23
174 + 5	Pancontinental	850 - 50

U.K. reserves up \$1.8bn. to record \$13.4bn. last month

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

Britain's official reserves rose by \$1.85bn. last month to a new record \$13.4bn.—more than three times the total at the beginning of the year—and the heavy inflow is continuing.

The main official response to the will be to allow a fall in the short-term interest rates—probably starting this Friday—but only partly offset by any outflow of earned overseas

value of sterling is likely to be strongly resisted in the immediate future.

The bulk of the inflow during July was associated with the official policy, followed until last Wednesday, of holding down sterling in line with the dollar, and so purchasing large amounts of foreign exchange during a period of dollar weakness.

Last week's decision to sever the link with the dollar and instead relate the pound to the trade-weighted index of 20 other currencies, has not ended the link, since the authorities have tried to prevent a general appreciation of the pound.

Indeed, with the weighted index back to the level of early summer at 61.7 last night, the authorities are believed to have intervened yesterday to prevent any rise in the sterling/dollar rate after an increase in the morning.

The pound, anyway, fell back towards the close and ended virtually unchanged on the day at \$1.7377.

The August reserves total will already have been boosted since the books on the July figures were closed last Wednesday and there will have been delayed receipts from last month.

Editorial comment Page 12. • Lex Back Page

Hopes of lending rate cut give gilts a boost

BY MICHAEL BLANDEN

GROWING hopes of a cut in the official minimum lending rate on Friday gave a further boost to the gilt-edged market yesterday.

Continued demand finally exhausted official supplies of the long-dated tap stock, of which £500m. was issued at the beginning of June.

The news that the stock had run out came as something of a surprise to the market, which had felt that a significant amount was left.

Together with the downward trend in interest rates, it highlighted the real change in the market since the Bank of England allowed sterling to move up a week ago.

In the money market, Treasury bills were trading at levels which, if maintained on Friday, could bring the

last week's change of currency tactics has also been

The increase in the reserves in July included \$205m. from the sale of BP shares in the U.S., probably only partly offset by any outflow of earned overseas

value of sterling is likely to be strongly resisted in the immediate future.

The public sector also raised \$55m. under the exchange cover scheme, though this borrowing has in general been ended.

A large part of the rise came from so-called "hot-money" deposits, and the size of the recent inflows could boost the money supply significantly, depending on how much does not go into either gilt-edged issues or non-resident bank accounts.

Opposition

The authorities appear to be reasonably confident that the money supply figures for both the July and August banking months will be within the target range, especially following the heavy recent sales of gilt-edged issues.

Apart from permitting a slight fall in short-term interest rates the authorities are mainly adopting a wait-and-see response to the inflows because of uncertainty about both the dollar and a possible rise in U.S. interest rates.

The clear official opposition to any rise in sterling is less because of any short-term concern with maintaining competitiveness than rather more,

because of a desire to avoid too sharp a movement up and down in the exchange rate while there are still considerable doubts about the level of pay increases in the coming 12 months.

The authorities will want to see how the pattern of the early major pay deals develops before considering whether to relax their exchange rate stance.

The reserves will probably be boosted either at the end of this month or in September by \$500m. due on the Eurodollar loan arranged in January and about \$350m. from a further tranche of the International Monetary Fund credit.

So far this year, the official reserves have risen by \$9.29bn. of which \$3.4bn. is official borrowing of various kinds. Apart from the BP sale proceeds, about

Continued on Back Page

Editorial comment Page 12. • Lex Back Page

Japan reflation package expected

By Charles Smith,
Far East Editor

TOKYO, Aug. 2.

THE JAPANESE Government is coming under severe pressure from businessmen and senior officials of the ruling Liberal Democratic Party to take, or at least approve, interim measures to stimulate the economy before the Prime Minister Mr. Fukuda's meeting at the end of the week with leaders of the Association of South East Asian Nations.

The Ministry of International Trade and Industry said today that measures such as promotion of industrial plant exports, an increase in plant and equipment orders by power companies, development of more electric power sources and establishment of new oil stocking bases may be announced before Mr. Fukuda leaves for the ASEAN summit in Kuala Lumpur. These measures would not require Diet approval.

The Ministry said Mr. Fukuda would introduce a further package to stimulate business, probably including a supplementary budget, on his return.

LDP officials yesterday met Cabinet Ministers including the Prime Minister, and the Ministers of Finance and International Trade and Industry; and will resume talks tomorrow, when there is some chance that the above measures will be recommended.

The large supplementary budget proposed for September is not enough specialisation, and not enough interchange between those working on the U.K. and overseas ends of the same questions, i says.

Diplomatic staff spend too much time abroad, and the present system "does not encourage the development of mutual confidence and shared attitudes between those engaged on overseas work."

Three options are put forward:

1—More interchange between the Home Civil Service and the Diplomatic Service, including the passing of all aid administration and immigration work overseas to home civil servants, a tenfold expansion of home civil servants working abroad on export promotion and a 10-fold expansion of diplomats working at home.

2—The creation of a specialist export promotion service and a specialist aid administration service with the Home Civil Service. The scope and size of the Diplomatic Service would be reduced.

Since the Japanese economy has traditionally performed more strongly in the first half of the year than the second, the slowdown augurs badly for performance in the fiscal year as a whole.

The bulk of the sales of the long tap have taken place in this period, leaving the authorities well placed to continue meeting their targets for official financing and to keep money supply under control.

A fall in M.R.P. could reopen the question of reduction in the lending rates of the banks, as well as helping to ensure a continued flow of funds to the building societies.

Last week's change of currency tactics has also been received well in the market.

REPORT ON DIPLOMATIC SERVICE

Think Tank emphasis on exports

BY MALCOLM RUTHERFORD

THE REPORT by the Central Policy Review Staff—the Think Tank on the future of British overseas representation, published today, puts the main emphasis on export promotion, but falls short of recommending complete abolition of the Diplomatic Service.

It is understood that the Government will wait to see the public reaction before deciding which, if any, of the recommendations to accept.

Attitudes

Diplomatic staff associations have already responded unfavourably, despite the re-organisation of the Service. There are widespread fears about compulsory retirements, which the report admits will be unavoidable if its recommendations go through.

The report identifies what it sees as a number of deficiencies in the Diplomatic Service. There is not enough specialisation, and not enough interchange between those working on the U.K. and overseas ends of the same questions, i says.

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2—The creation of a specialist export promotion service and a specialist aid administration service with the Home Civil Service. The scope and size of the Diplomatic Service would be reduced.

3—Merger of the Home Civil Service and the Diplomatic Service and the creation within the combined Service of a Foreign Service Group. Such a group would be about 37 per cent. larger than the present Diplomatic Service, but might be composed of rather different people.

It is clear that the third option is the Think Tank's preferred solution, but it has avoided an outright recommendation on the advice of Sir Kenneth Berrill, chairman of the group, on the grounds that it would not have been politically acceptable.

Review of Overseas Representation: report by the Central Policy Review Staff. SO. 28.50.

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ALEXANDRIA, Aug. 2.

A PROPOSAL by President Sadat for working group of foreign ministers of the confrontation States to meet in the U.S. to prepare for the Geneva peace conference was to-night publicly welcomed by Mr. Cyrus Vance, U.S. Secretary of State. But there was no word on Palestinian participation in such a group.</

English lessons for Germany

BY NICHOLAS COLCHESTER

DER SPIEGEL, the German of the economic miracle, the newsmagazine, operates like a question today is whether they sandblaster. It delivers grains are too closely involved with of truth with a terrific volume industry—through shareholdings, of hot air. This is a successful proxy power, directorships and approach in Germany where so forth—for industry's own molehill problems must be good.

Through the Wilson committee expanded into mountains to make them worth reading about. But when the technique is used so blatantly pro-German as British in dealing with anything so Exchange, it is at just the moment when this August body, the result is overkill. German is going card up for the role of scapino, the Social Democratic government in Bonn is the simplistic way in which Spiegel handed them out in this week's edition.

Debt financing to the tune of 75 per cent of a German reader probably came away from the Spiegel article a little cowed. was acceptable in Germany's time of recuperative growth, but it has become increasingly risky as that growth has faltered. Today the British pattern of finance has attractions. In an effort to get the German public involved in risk capital and to wean companies away from their maternal banks the Bonn government has reformed corporation tax—as yet with scant success—to put some ginger into German equities.

Nevertheless, the thinking up to 75 per cent of a German reader probably came away from the Spiegel article a little cowed.

For during the 1970s West Germany has been held up increasingly as a model which Britain should at least pay attention to.

The control of inflation, labour relations, proportional representation, the funding of industry, worker participation in management—these are some areas in which increasing reference has been made to the German example.

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While Britain looks covetously at the flood of savings that fund German industry, Bonn wonders wistfully how it might persuade its citizens to be more spendthrift than the British.

The British Capital Markets Committee noted recently that "Britain almost alone among the industrialised countries discriminates massively against savings income and it has been

fashionable for many in high places to pursue a vendetta against thrift." In Germany's high places there is an increasing wish that the savings ratio would come down and that thrift would become less fashionable.

Self-discipline

In short there are areas in which Britain and West Germany approach one another. As Britain groans its way towards a little German self-discipline, West Germany finds itself driven towards a touch of British decadence. And while the British public still appears to need whether they are ready enough media full of German jockeys they involve themselves suffi- the German public need- cently in the cause of industrial Soegel's generous coverage of investment. Irony therefore that the British industrial malaise in Germany, where the banks have been the financial mainstay future.

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BBC 1

6.40 a.m. Open University (UHF only), 9.15 Eisteddfod 77 (report in Welsh). 9.45 The Womble. 9.50 Jackanory. 10.05 John Surtees' Around the World in 10 Days. 10.10 Jules Spencer. 10.20 One Man and His Dog. 10.35 Cricket: The Gillette Cup: Northamptonshire v. Leicestershire. 11.15 News. 1.20 Trumpton. 1.50 Eisteddfod 77 3 Chirred: The Pave Medal presentation; and Cricket: The Gillette Cup: Northamptonshire v. Leicestershire. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 a.m.). 4.45 Ask Aspel. 5.10 Young Explorers. 5.40 News. 5.55 Nationwide (London and

North-East only). 6.20 News, BBC 2. 6.25 The Wednesday Film: "The Destructors," starring Richard Egan. 8.00 It Ain't Hot Hot Mum. 8.30 A Roof Over My Head. 9.00 News. 9.15 Medical Story. 10.15 The Risk Business. 10.35 Commentator's Choice. 11.35 Weather/Regional News. All Regions as BBC 1 except at the following times:— Wales—10.45-1.15 p.m. Cricket: The Gillette Cup: Glamorgan v. Surrey. 1.50 News. 2.00 Eisteddfod 77 3 Chirred: The Pave Medal presentation; and Cricket: The Gillette Cup: Northamptonshire v. Leicestershire. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 a.m.). 4.45 Ask Aspel. 5.10 Young Explorers. 5.40 News. 5.55 Nationwide (London and

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+ Indicates programme in black and white.

BBC 2

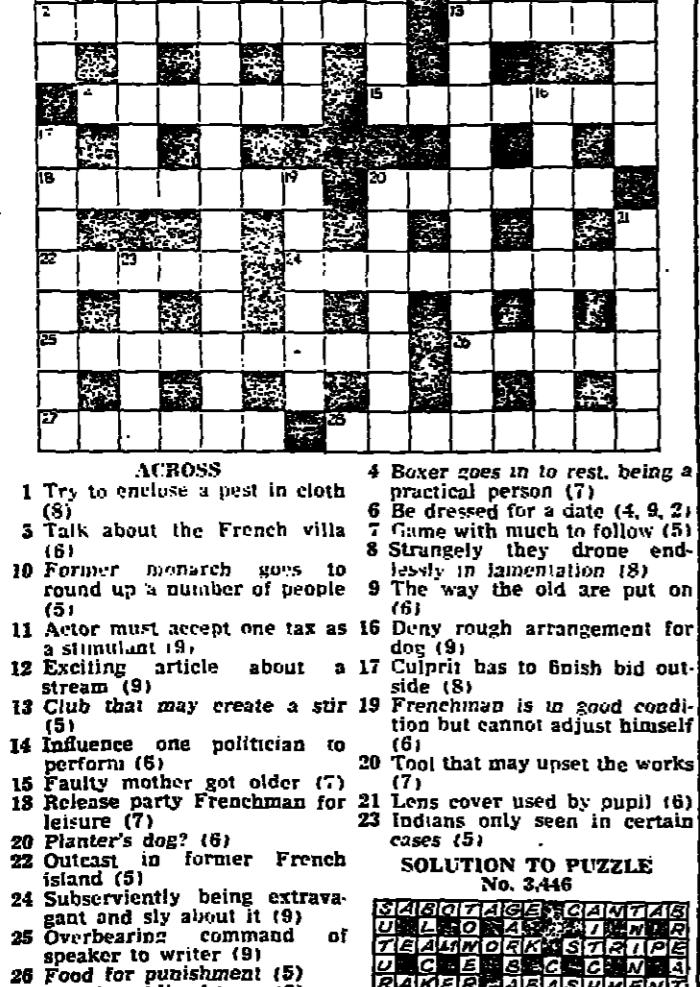
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F.T. CROSSWORD PUZZLE No. 3.447



GARDENS TO-DAY

Old ways to tackle new territory

BY ROBIN LANE FOX

HOW BEST should a gardener begin with a new piece of land? Is it the question which I am most often asked, and its answer varies with the years. The days are gone when I would suggest having the help of a contractor to clear the ground. Their costs now have to be paid high that they cease to be good value for money. Contractors rather than firms or sportsfields.

Today the British pattern of

workforce is changing.

It is the case that the garden

is becoming more and more

expensive to maintain.

So what is the best way to

begin? The answer is to go

back to the old ways of

taking care of the ground.

There are two main ways of

approaching the problem.

One is to use a spade and

shovel to clear the ground.

The other is to use a spade and

shovel to clear the ground.

Both methods have their

advantages and disadvantages.

The first method is the easiest

and most effective way to

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The second method is the

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EUROPEAN NEWS

Soares government faces strongest attack by Left

BY OUR OWN CORRESPONDENT

PORUGAL'S MINORITY national Monetary Fund is posing tough conditions before it can be able to form a majority Government. Socialist Government faces its second tranche of In a marathon national coming to power a year ago for \$50m. to Portugal in the autumn assembly session during July, following a Communist demand for The reports said the IMF would be the Socialist Government pushed its resignation and new general urge a second escudo devaluation through several important laws.

Communist party secretary-general, Sr. Alvaro Cunhal, told a news conference that the Government was headed down a "catastrophic path" and should resign. He called for the dissolution of Parliament and new elections within 90 days.

There was no immediate Government reaction and only denied that stringent new austerity measures are in the offing. Eanes also refused comments. But high Government officials, Prime Minister Mario Soares' closest rivals, said the Communists' call was an example of how allergic the party was to politics when it denies these things," said one diplomat.

Sr. Cunhal made his demand hard on the heels of Press leaks about a deteriorating economic situation and a highly critical Left-wing opinion survey. The Communists call for new legislation, pushing back many of the revolutionary advances made in the past three years.

Reports, believed to be inspired leaks, say that the Inter-

Summit meeting for French Left

BY DAVID CURRY

THE LEADERS of the three parties comprising France's Union of the Left will meet in mid-September to thrash out details of the policy statement upon which they will fight the General Election in March.

Fifteen meetings of the union's joint working-party have taken place since the Communists suggested in the wake of the local government elections in March of this year that the joint programme agreed between them, the Socialists and the Radicals in 1972 should be updated.

The Socialists agreed grudgingly, not wanting public disagreement on controversial issues such as nationalisation to interrupt the steady progress of the party's position at the polls, which seemed likely to lead to victory for the Left next year.

The three sides have agreed on a broad range of social measures, including a fifth-week paid holiday, the possibility of retirement at 60, women's rights and about Frs.1,700 but disagree on to relaunch inflation.



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Skandinaviska Enskilda Banken
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July 1977

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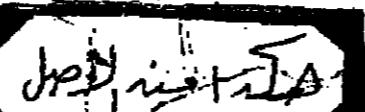
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La Compagnie Financière

Agent

Banque Nationale de Paris



This announcement appears as a matter of record only.

EEC partly backs U.K. shipyards aid scheme

By David Buchan

BRUSSELS, August 2.

THE EEC Commission has given a partial and lukewarm approval to the British Government's £55m scheme to subsidise tenders by U.K. shipyards.

In a letter this week to the British Government, M. Raymond Vouet, the Competition Commissioner, who is responsible for overseeing state aid within the Community, makes clear that the EEC approval only extends to December, or three months before the U.K. scheme expires next March.

Brussels hopes that by December the U.K. Government will have developed a long-term plan to restructure its newly-nationalised shipbuilding industry. Without restructuring, Brussels argues, national subsidies are money down the drain.

With nationalisation of the U.K. sector, only recently passed by Parliament, the EEC Commission recognises that a grace period of a few months is necessary.

The Commission places two other reservations on the scheme: first, the traditional Brussels caveat that subsidies should not be operated against other EEC shipyards; second, that the subsidies should only go to those yards which stand a long-term chance of survival. Quite what criteria the Commission expects the U.K. Government to use in advance of any restructuring plan is not clear.

M. Vouet has also given the go-ahead to the Dutch shipbuilding scheme announced in March. EEC officials regard this as a more clear-cut case. The Dutch scheme is worth more and lasts longer until 1980. But to the Commission's satisfaction, the Dutch have also announced a firm plan to reshape their shipyards.

The Commission has so far failed to propose a Community-wide shipbuilding aid plan because of the difficulties of first getting agreement on a Community-wide restructuring plan. Nor has the EEC demand for a 50:50 share-out of new shipping orders with Japan, still being discussed spasmodically in the OECD, yet arrived.

The timing of increases in family allowances has not been agreed, while the whole question of a tax on the capital of large companies remains to be settled.

The possibility of the municipalisation of urban land has not been determined, nor the degree of worker participation in industry.

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NYC to return to bond market

STEWART FLEMING

NEW YORK, August 2.

YORK City has given the Treasury a carefully worded commitment to try to raise on the public credit before the Mayoral election in November.

In a move would represent a step forward in the financial position, as the markets have been closed in New York since it was nearly engulfed by the fiscal crisis engulfed it in 1975.

According to law, the city return to public financing debt by June 1978. Since it has been relying on money support from the treasury by way of loans to finance itself.

turn to the bond market

November would give

Became a propitious

to demonstrate the

worthiness of New York

to the election—assuming

that he is the Demo-

candidate for Mayor when

democratic primary elections

included.

are, however, a number

studies to be overcome

the city could raise public

it must first successfully

the refinancing of some

debt, for which

announced last week. It

positive credit ratings from

credit agencies such as

Standard and Poor's

must secure the agreement

financial advisers and clear

standing legal questions.

city must also secure the

rent of the principal bank

holding some \$860m

external debt, which was

of the planned refinancing

announced last week.

ther or not this becomes

hurdle depends on negoti-

which have been pro-

in a desultory sort of

the spring. A key

has been the monitoring

New York City's finances in

who should do the

ring and for how long.

point earlier this year,

ans charged that the

were trying to take over

of the city from selected

so rigorous were the

schemes they were

The Mayor then appa-

balked at giving a firm

return to the debt market in a specific

period, limiting the

to "as soon as possible"

the refinancing.



The supertanker ARCO Juneau leaves the south Alaskan port of Valdez carrying the first cargo of oil from the state's North Slope. The first of 11bn barrels of oil known to exist at Prudhoe Bay, under Alaska's Arctic plain, flowed into Valdez on Friday from the 800-mile-long trans-Alaska pipeline. The ARCO Juneau, bound for a refinery in the state of Washington, pulled out of the pipeline terminal on Monday night with an escort of tugs, one spraying a salute with its foam nozzle.

Marines want more Harriers

CHERRY POINT, August 2.

U.S. MARINE officials said today that they have no intention of scrapping the British vertical-take-off-and-landing jet involved in the large number of crashes, and would buy more of the AV-8A Harrier aircraft.

"There is no discernible pattern to them (the accidents) or any evidence which might lead us to believe that there is an inherent problem with the aircraft, its engine, its system or the pilot-aircraft combination," said Maj.-Gen. Richard Carey, commander of the 2nd Marine Aircraft Wing at this North Carolina town.

The Marine Corps bought 110 of the Hawker Siddeley aircraft in 1973. Since then, 24 have crashed and nine Marine pilots have died, two within a month and one of those within view of ranking military and civilian officials watching a demonstration of the aircraft.

Soon after this negotiating session, it was reported to-day, he sent a letter to President Torrijos of Panama saying that although both sides were now "near agreement," the U.S. would not make any further concessions.

It is understood that the major obstacles in the way of an agreement are the amount that the U.S. would pay Panama for use of the canal in the next 25 years and the timetable under which various parts of the canal

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lary closely at any agreement that may be reached before approving it. It was for this reason that President Carter intervened personally last week in an effort to persuade the Panama delegation to accept the American terms.

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YOUTH RATE SOARS

IN WYLES

NEW YORK, August 2.

ISSING insight into one thousands of youths in urban America have simply dropped out of the job market and are dependent on welfare and their families for subsistence.

The New York employment rates compare with national averages of 57.9 per cent for whites and 33.7 per cent for minorities and according to Mr

Albert Blaustein, the Bureau's New York Regional Commissioner, they confirm "the notion that New York City is to-day the non-working teenage capital in the country."

Recalling the widespread teenage looting which left New York in a state of shock after the power blackout three weeks ago, Mr. Blaustein claimed that no better picture of the causes had been provided than the survey's employment population ratio.

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OVERSEAS NEWS

Ethiopians ask for emergency OAU talks

By James Buxton
ETHIOPIA has asked the Organisation of African Unity (OAU) to call an emergency session of the organisation's Council to discuss what it calls "Somali armed aggression" against Ethiopia, according to the Ethiopia News Agency.

The Ethiopian Foreign Minister, Dr. Feleke Gedle-Gelgash, yesterday briefed African diplomats in Addis Ababa on the worsening situation between the two countries. Ethiopia had limited the defence of its territory within its international boundaries he said.

Dr. Feleke asked for the ambassador's help in convening the council meeting, for which a two-thirds majority of members states is needed.

In separate development, the OAU yesterday called its second technical Ethiopia-Somalia mediation commission. The commission was established four years ago to settle differences between the two countries but never met. It is now to meet in Gabon on Friday and Ethiopia has indicated that it will attend. Somalia has not yet commented.

Ethiopia's appeal to the OAU is being seen as a further indication of the deteriorating situation in the south-east of the country where Ethiopia claims Somal regular forces are invading. Somalia says that only guerrillas of the Western Somali Liberation Front are fighting.

Somalia yesterday announced that the front had taken two more important outposts in the north of the Ogaden region in eastern Ethiopia. The towns, Degehabur and Aware, have been the scene of heavy fighting in the past few days. Their reported capture suggests that virtually all outposts in the Ogaden are in insurgent hands, and that the insurgents are likely to concentrate on the towns of Jijiga, Harar and Dire Dawa.

Harar is a garrison town and Dire Dawa has an air force base and is on the railway between Addis Ababa and Djibouti. The capture of these three towns, which are considerably larger than any towns so far taken in the present conflict, is considered to be essential to any force wanting to hold the Ogaden region.

Libya hurls new charge at Egypt

BEIRUT, August 2.
LIBYA HAS fired more salvos in its propaganda war with Egypt, accusing the Egyptians of massing troops near its border and attacking the U.S. for alleged assistance to Egypt during the recent six-day border war, the left-wing Beirut daily newspaper As Safir said today.

With an uncertain one-sided ceasefire prevailing, Libya's Major Abdel Salam Jalloud—number two man in Colonel Muammar Khedaf—told a news conference in Tripoli yesterday that Libya would "confront any aggression" by Egypt.

"All our people are armed now," he said, according to As Safir whose report had been censored by Lebanese authorities.

Major Jalloud also launched a strong attack against the U.S. for allegedly aiding Egypt during the recent fighting. The charge followed Egyptian accusations of Soviet interference in Egypt's radar during the clash, in means of 12 helicopters hovering offshore.

Meanwhile in Cairo, Premier Mamoud Salem said today in an obvious allusion to radar stations and other military installations set up by the Soviet Union along the Libyan-Egyptian frontier, that Egypt rejects the presence of a major power along its borders.

The government, he said, has contingency plans for evacuating about 220,000 Egyptians from Libya "by land, air and sea," and will hold Colonel Khedaf responsible for any harm that befalls them.

Israel coalition talks deadlock

By David Lennon

TEL AVIV, August 2.
THE DEMOCRATIC Movement for Change will make a final effort this evening to find a compromise formula on electoral reform which will enable its 15 members to continue talks on joining Israel's ruling coalition headed by Prime Minister Menachem Begin.

But Prof. Yigael Yadin, leader of the DMC, said yesterday that chances of an agreement are slim. DMC negotiators last night reached an impasse with the two religious coalition parties on the number of districts into which the country will be divided within the proposed regional electoral system. The DMC wants at least 16 electoral regions but the religious parties, whose support is thinly spread through the country, fear heavy losses under such a division, and want only 8-9 regions.

The DMC's ruling 12-member committee will meet to-morrow evening to hear a progress report from party leaders. Unless there is a dramatic breakthrough before then, Prof. Yadin will recommend that the party break off the coalition negotiations.

THE TWO KOREAS

South defies Northern sea limits

SEOUL, August 2.

TWO SOUTH Korean navy ships escorted an ocean liner carrying 445 people into waters off North Korea's western coast to-day in open defiance of the new "military coastal zone."

"We do not recognise the North Korean 200-mile economic zone," said Mr. Kim Seong-jin, the South Korean Minister for Culture and Information.

An official of the Inchon Port Authority, 25 miles west of Seoul, said the 450-ton Ong Jin said, would be forbidden to enter the "military zone" which extends 50 miles into the Sea of Japan and 200 miles into the Yellow

Sea. Non-military ships and planes would be allowed to pass through the military zone with the consent of the North Korean

Tension erupted over the islands in 1973 when North Korea suddenly claimed jurisdiction over waters around them, and asked foreign vessels to obtain prior approval for passage.

According to North Korean radio reports monitored in Tokyo, the Pyongyang authorities said they established a "military zone" in their coastal waters effective August 1 along a 200-mile economic zone.

All foreign warplanes and naval vessels, the radio reports said, would be forbidden to enter the "military zone" which extends 50 miles into the Sea of Japan and 200 miles into the Yellow

Sea. Non-military ships and planes would be allowed to pass through the military zone with the consent of the North Korean

Government.

"The North Korean move not only affects the Korean armistice in force since 1953, but also jeopardises the safe operation of our fishermen and safe voyage of our vessels in waters adjacent to the sea border," Mr. Kim said.

Meanwhile in Pyongyang, China's military attaché Mr. Tien Lei, has predicted that Korea will be unified under the leadership of North Korean President Kim Il-sung, and has called for withdrawal of all U.S. troops from Korea, for the second time in three days. This support for North Korea contrasts sharply with the recent reports by Western visitors to Peking that Chinese leaders want a continuing U.S. military presence in Asia.

In addition, the Republicans have questioned the propriety of the relationship between shipbuilding interests and Mr. Gerald Rishoff, the Atlanta, Georgia, advertising expert, who was Mr. Carter's campaign advertising director last year.

Mr. Rishoff remains a confidant of the President and was the prime architect of the maritime industry's recent and very heavy

criticism of the politics behind advertising campaign on behalf of the so-called Cargo Preference Bill.

Administration officials opposed to the Bill from its testing in front of Congress. But there has been little attempt to hide

mid-1973 and mid-1976, the carrying capacity of the world fleet increased by 8.8 per cent to 368.3m. gross registered tons (GRT), and that for oil tankers by 12 per cent to 168 GRT per cent, or 16 per cent of the total. In terms of dead-weight tonnage the overall increase was 16 per cent to

603.4m. tons. Between

Trade Representative, who always finely tuned to politi factors in Washington. After other senior White House advisers, Mr. Stuart Eizenstat, the domestic affairs special and Mr. Hamilton Jordan, resident political guru, argued both sides of the issue great length, Mr. Straus understood to have interve with the recommendation that would be hard for the Presid not to support the Ca Preference Bill on polit grounds.

It is thought that both Treasury and the State Department opposed this decision were overruled. What particularly increased the Repu

lican leadership is that the o

White House has vigorously decided the Republican group of Ocean Freight pa

The discreet charm of the status quo

BY CHARLES SMITH, FAR EAST EDITOR

"ALL WE CAN DO is to ask substantial support from the Soviet Union or China, or both. It received some support during the Korean War but the consensus of Kremlinologists and Sinologists is that it is not getting much encouragement from either Moscow or Peking to day.

Neither China nor Russia apparently wants to provoke a major international crisis which would destroy current attempts to build up working relations with the United States (including what now seem like fairly hopeful efforts on the Chinese side to achieve a normalisation of diplomatic relations with

even sanity on the part of one or the other regimes. Neither seems likely at the moment, although the past record of South Korea includes civil strife and upheavals following long periods of rule by authoritarian Governments.

Whether the North Korean

will become more aggressive once the American withdrawals get under way is one of the unanswered questions about the operation. They would be wrong to conclude — or at least the US would strenuously deny — that the Americans are leaving because their nerves have been worn down by the succession of such incidents that have occurred over the past 20 years.

But the U.S. would be equally wrong to think that its departure will be free from psychological implications in the eyes of Asians. The presence of men on the ground is held through most of the Far East to signify a solid commitment to a military situation. Hardware does not mean as much as what it represents.

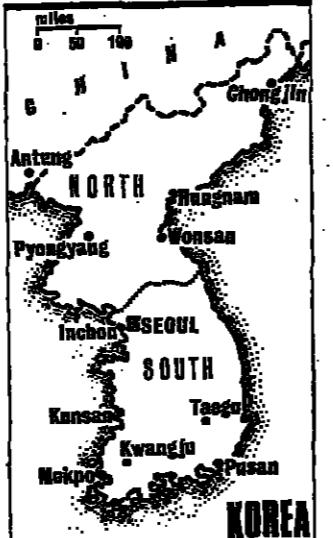
Lastly, there are unanswered questions relating to Japan. Japan has been pursuing a "low profile" diplomacy towards the two Koreas which involves maintaining close (if not always friendly) relations with Seoul while edging very slowly and cautiously towards some type of diplomatic accommodation with the North.

But where as it could previously afford to relax in the knowledge that the U.S. was firmly and unchangeably committed to defending South Korea some doubts may now be expected to creep into Japanese calculations.

These could prompt the Japanese to wonder whether a foreign policy which totally neglects security questions of rather delegates them to others — is a workable foreign policy in the long run.

The alternative of stepping up Japanese defence expenditure from its present level of less than 1 per cent of GNP, enough to provide a reasonable guarantee of security in the event of a serious conflict in South Korea, which the U.S. would like Peking to believe would be used if it risked a direct conventional attack on the South.

Faced with armaments like these, North Korea would presumably not attack South Korea without the assurance of sub-



Washington). Nor, probably, do China or Russia like the idea of escalating their own conflict by promptly invading the South. A glance at the table shows that 42,000 U.S. ground troops in Korea represent only a fraction of what is really available (that is, mainly South Korean) strength.

Without them the South still has more men under arms than the North, though probably fewer tanks and certainly fewer aircraft. The Americans in any case mean to retain and perhaps marginally increase their air presence in Korea (now estimated at 60 Phantoms) and will return to back that up by their much larger air presence in Okinawa. A further factor in the situation is the officially acknowledged presence of a critical nuclear weapons in South Korea which the U.S. would like Peking to believe would be used if it risked a direct conventional attack on the South.

A collapse of the status quo would thus have to follow, either an internal crisis in the North or the South which tempts the other side into interference, or a breakdown of objectivity or

Cuba aid pledge to Nkomo

BY MARTIN DICKSON

CUBA HAS promised to step up its supplies of weapons to Rhodesia's nationalist guerrillas. This was announced in Havana by Mr. Joshua Nkomo, co-leader of Rhodesia's Patriotic Front alliance, who told a news conference that the level of future aid from Cuba would be limited only by the availability of supplies.

Mr. Nkomo, who has been holding talks with President Fidel Castro, said ruled out, however, the possibility of Cuban forces joining the Rhodesian guerrillas, declaring: "We have to fight our own war. We can only seek the support of our people and our friends."

These negotiations are thought to be aimed at ending the conflict in Rhodesia, which is widely regarded as a "staging post" for Cuban intervention in Africa.

Tony Hawkins adds from Salisbury: The Zimbabwe United People's Organisation yesterday called for a new Rhodesian constitution based on universal franchise for all people over 18.

ZUPO, led by Senator Chief Chirau, is widely regarded by nationalists as a "staging post" for the ruling Rhodesian Front.

Chief Chirau's proposals can offer little comfort to Mr. Ian Smith, the Rhodesian Prime Minister. ZUPO is calling not only for a universal franchise, but no reserved seats in Parliament for whites, and while he does accept the need for what he calls material and political safeguards, these are unspecified.

UPI

Kruger warns Soweto

JOHANNESBURG, Aug. 2.

POLICE MINISTER Jimmy Kruger said to-day the Government would no longer tolerate "anarchy and violence in Soweto. We are going to get tough," he said in an interview with the daily newspaper, Hoofstad.

If the supplies go mainly on exclusively to Mr. Nkomo, many of whose guerrillas are thought to be trained in Angola, possibly by Cubans, this could bolster his position vis-a-vis Mr. Mugabe, who has been his strengthening his ties with Peking.

Black pupils boycotting classes in black townships around Pretoria and Johannesburg were acting in "senseless resistance and rebellion" against school authority, he said.

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UPI

Japan to resume Lockheed deal

TOKYO, Aug. 2.

JAPAN'S DEFENCE Agency plans to buy about 40 anti-submarine patrol planes from Lockheed Aircraft Corp. over a five-year period, starting in 1978.

Defence Agency sources said the motive for to-day's Korean attack was unclear: "perhaps it is in retaliation for our artillery attacks just to the south of the line. These reports, however, were not immediately confirmed by independent sources."

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UPI

Thailand border raids

BY RICHARD NATIONS

A WEEK of calm along the Thailand-Cambodian border was broken by pre-dawn raids to-day by Khmer soldiers who set fire to three Thai villages and killed 26 civilians and a policeman according to military sources here.

The raids occurred in Prachinburi province, 120 miles east of here, and 20 miles north of the point where Khmer troops ambushed a Thai patrol two weeks ago, killing 17 people and sparking off six days of sporadic attacks by Thai artillery and aircraft.

Thai military sources near the border said Thai aircraft shelled and strafed suspected Khmer

positions just inside Thai territory for two hours late this morning before the Khmer retreated to their side of the line. These reports, however, were not immediately confirmed by independent sources.

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UPI

WORLD TRADE NEWS

Carter stand on oil cargo criticised

BY JUREK MARTIN, U.S. EDITOR

CRITICISM of the politics behind advertising campaign on behalf of the so-called Cargo Preference Bill.

President Carter's decision to the proposal, endorsed by Mr. Straus, has been little attempt to hide

Trade Representative, who always finely tuned to politi factors in Washington. After other senior White House advisers, Mr. Stuart Eizenstat, the domestic affairs special and Mr. Hamilton Jordan, resident political guru, argued both sides of the issue great length, Mr. Straus understood to have interve with the recommendation that would be hard for the Presid not to support the Ca Preference Bill on polit grounds.

It is thought that both Treasury and the State Department opposed this decision were overruled. What particularly increased the Repu

lican leadership is that the o

White House has vigorously decided the Republican group of Ocean Freight pa

mid-1973 and mid-1976, the carrying capacity of the world fleet increased by 8.8 per cent to 368.3m. gross registered tons (GRT), and that for oil tankers by 12 per cent to 168 GRT per cent, or 16 per cent of the total. In terms of dead-weight tonnage the overall increase was 16 per cent to 603.4m. tons. Between

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HOME NEWS

WINDSCALE INQUIRY

Scargill clashes with unions on evidence

BY IAN BREACH IN WHITEHAVEN

A SHARP clash developed others had died from occupationally-induced diseases such as silicosis and pneumoconiosis at the Windscale inquiry by Mr. Arthur Scargill, the Yorkshire miners' leader.

After telling the inquiry he was "a passionate opponent of nuclear power," he was confronted outside the hall by the coal industry: they knew about mining and about nuclear power.

Mr. Scargill, he claimed, "knows nothing about nuclear power apart from what he has read in the papers."

Mr. Thompson Reid, the Wind-scale unions' negotiator, asked Mr. Scargill if the 66,000 members of the Yorkshire NUM really wanted the nuclear power industry to die, taking thousands of jobs with it.

If, for instance, Windscale were to close "what life have we got here in West Cumbria other than unemployment?"

Mr. Scargill replied that this was "a parochial argument," adding that a revival of coal-mining in the region was possible and could create at least 5,000 jobs. But he was not, he insisted, making out a case merely for Windscale, where the unions are solidly in favour of British Nuclear Fuel's expansion plan.

M. Bill Maxwell, local convenor for the General and Municipal Workers, accused Mr. Scargill of special pleading on behalf of the mineworkers and the coal industry.

The belief that coal could provide half the country's energy needs at the end of the century was "a view from the dark ages," he stated.

He also angrily challenged Mr. Scargill over the contention that nuclear power was a threat to health and safety.

In more than 100 years of coal-mining in West Cumbria, said Mr. Maxwell, 500 miners had been killed in accidents. Many

miners had already said in their evidence to the inquiry that the envisaged a time "in the not too distant future" when solar energy schemes could provide all the power required in Britain.

Mr. Scargill's formal evidence submitted in support of the Society for Environmental Improvement which is objecting to the Windscale expansion, calls in detail for expansion of the coal-mining industry.

This would include developing the Selby, Belvoir and other new field, and at least 30 additional pits—using drift mining and new technology such as telechelic mining (remote control), and bringing production up to 250m. tons by the year 2000.

Submissions on alternative energy strategies were made yesterday by other Society for Environmental Improvement witnesses, some of whom will be cross-examined today.

Mr. Scargill returned to Barnsley last night after hearing that British Nuclear Fuels had not yet ready to cross-examine him until later in the inquiry.

Regional aid boosts Scottish industry

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A MAJOR revision of economic figures published to-day suggests that Government regional aid using a different base and up-dated industrial census returns effective than was previously thought in promoting industrial planning Department growth in Scotland.

A new index of industrial production for Scotland, the subject of a special article in the Scottish Economic Bulletin, shows that between 1963 and 1970—the period when a range of incentives was introduced to encourage firms to move to depressed areas—the growth in industrial output was 34.3 per cent, nearly double the original estimate.

Over the same period the comparable growth for the U.K. as a whole was only 23.4 per cent.

The difference between the new and the old estimates of the increase in this period is even more marked when manufacturing is considered alone. The new figure for Scotland is 35.1 per cent compared to an old figure of 26.1.

The old index has been known No. 12, SOE 255.

Bugging? I won't let it drop—MP

By Ivor Owen, Parliamentary Staff

THE PRIME MINISTER is expected to return to Downing Street to-day from his Sussex farm.

Mr. Callaghan is still coming under pressure to order an inquiry into reports that No. 10 was "bugged" during Sir Harold Wilson's time as Prime Minister.

There was a protest yesterday by Mr. Neville Trotter, Conservative MP for Tynemouth, that the Government is attempting to brush up the affair.

He renewed an earlier demand for a judicial inquiry into what he described as "most grave allegations, and the suggestions of incompetence in the security service."

Mr. Trotter, who pointed out that Sir Harold has himself called for an inquiry, insisted:

"I, for one, am not going to allow the Prime Minister to let this drop."

A judicial inquiry was also urged by Mr. Martin Lipton, Labour Member for Central London.

"The High Court judges should do it and report by the end of the week," he said.

In an analysis of medium-term prospects, Phillips and Drew suggest the current account surplus will be £15m. in 1979, £125m. in 1980 and £25m. in 1981.

Gross domestic product is ex-

pected to grow in real terms by 2.2% and 3.1% per cent respectively during these three years.

This is reckoned to be insufficient to allow more than level of unemployment.

The new series is admitted to be less than perfect, but is thought to reflect far more accurately than the old the extent of industrial regeneration in Scotland even before oil was discovered in the North Sea.

Government spending in money terms on regional assistance to Scotland has increased considerably over the past decade. In 1964-65 the total was just over £10m. by 1970 it had reached nearly £100m., and last year it was over £200m.

However, the revision of the index is bound to add fuel to the controversy over economic aid to Scotland prompted by the 17.3 and one for the UK of 26.1.

Scottish Economic Bulletin

Better living standards are forecast

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

RETAIL PRICE inflation will a modest decline in unemployment will in the double digits during the period. The adult seasonally adjusted total is projected to peak temporarily at 1.45m. in the first half of next year before dipping for a short time to 1.4m. and then rising to 1.47m. in the second half of 1979.

The brokers project in their monthly economic forecast an acceleration in the increase of earnings from now on—up to 17.1 per cent in the next 12 months—so that the 12-month rate of retail price inflation will be 14.1 per cent during this year and 14 per cent through 1978.

This projected increase in pay coupled with a forecast £2bn. cut in direct taxes in the spring 1978 Budget should support a rise of 3 per cent in disposable incomes and in consumer spending in real terms in 1978 compared with this year.

Personal consumption is expected to be the main positive feature in the economy next year, boosting the growth in real gross domestic product to nearly 2.5 per cent after a 1 per cent increase in 1977.

Although the current account of the balance of payments is expected to improve as a result of North Sea inflows, the projected growth in personal consumption may limit the surplus to about £1.5bn. in 1978 (after near balance this year) as a result of an increased growth in import volume.

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This forecast seems to be in line with others about the consequences for full employment unless we get faster growth.

"The TUC believes we are capable of a better performance than 2 to 3 per cent growth in the next few years and has underlined the importance of achieving faster growth which is essential in bringing down the

insufficient to allow more than level of unemployment."

The TUC's economic department commenting on the forecasts said there was little doubt that if the economy grew by less than 3 per cent a year, it would be difficult to bring unemployment down.

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insufficient to allow more than level of unemployment."

Housing output up in second quarter

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

HOUSING OUTPUT peaked up during the second quarter of this year, although activity remained 23 per cent lower than down when compared with the at the same time 12 months before.

Figures from the Department of the Environment show that all completed between April and the end of June rose by 7.3% over seven per cent over the preceding quarter of 1977 was 13 per cent, up quarter but was still five per cent down on the second quarter of 1976.

The number of homes actually completed between April and the end of June was 31,000 and the total number of homes seven per cent over the preceding quarter of 1977 was 13 per cent, up quarter but was still five per cent down on the second quarter of 1976.

The housebuilders' performance during June itself was disappointing, with starts and completions down in both the private and public sectors.

In the local authority sector, June starts dropped slightly from the May level to 13,400 while completions reached 13,500 against 13,900 in the previous month.

Over the latest three-month period, starts were nine per cent higher than in the previous quarter but 26 per cent down on a year earlier. Completions in April-June were 10 per cent, better than in the first quarter.

In the private sector, the number of starts recorded during June fell back to 25,200 against the encouraging May total of 26,700. The total number of private homes completed by contractors during the month dropped back from 12,200 in May to only 10,800.

Over the second quarter as a whole, private sector housing starts were 16 per cent up on the preceding three months but 19 per cent lower than the same period 12 months before.

Bond winnings top £600m.

OVERALL Winnings of premium bond holders since the bonds were first marketed in 1957 have now topped £600m. The prize fund for August, at £5.57m., is the highest ever, as is the number of prizes to be distributed—110,660.

It suggests that less popular frames should be replaced:

that people should be allowed to the cost of NHS lenses towards the cost of private ones and that opticians should be paid to visit the housebound.

Which? claims that although solar energy may cut heating bills by half, the high initial cost of the equipment and its installation—up to £650—makes it a risky investment.

Which? admits that NHS prices are comparatively low, but it says they are still too high for some, especially pensioners.

The magazine also criticises the lack of choice offered by the NHS, which it says discourages the public from taking advantage of recent developments like plastic lenses and the latest type of bifocal lens.

Which? claims that most people, who can afford private spectacles, scorn the austere-looking NHS frames—many designed in the 1940s.

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Jumbos after Pan during ans World cuts re to compete th Skytrain

MICHAEL DONNE, AEROSPACE CORRESPONDENT

World Airlines, which will Pan American's on the North Atlantic between New York and Pan Am has joined the cheap begun by the Laker due to start flights yesterday announced which match those last week by Pan Am for a one-way to London to New York, is bought at least before departure time, a fare from New York will be \$85; if bought K, \$146 if bought in cash and must be paid at least three hours part time.

called a "stand-by" service, and no reservations will be possible: the turns up and if there gets it.

It resembles Skyrain—charge slightly less—a to New York, \$135 or back.

he TWA and Pan Am passengers will be given cash they will have to pay for Skyrain.

With all three of the major scheduled airlines on the London-New York route now offering cheap fares, the Laker Skytrain faces formidable competition.

Pan Am, TWA and British Airways will all be using these cheap fares to all otherwise empty seats on normal scheduled services with Jumbo jets, so that to some extent their services are being subsidized on otherwise supported by a preponderance of higher fare traffic.

Laker will not have this advantage as he fights for his traffic in the open market against the opposition of the "big three."

A major U.S. charter airline is also trying to get into the London-New York market. Trans International, one of the world's biggest charter operators, has asked the Civil Aeronautics Board in the U.S. for permission to fly "Skybus" low-cost passengers across the Atlantic between 14 U.S. and European cities, including New York and London. Fares could be as low as \$133 single.

rail cuts would lower fare says Minister

HARGREAVES, TRANSPORT CORRESPONDENT

IVITY on Britain's He goes on to give an under- would probably be taking that if British Rail can the network were improve its productivity record score, according to Mr. there will definitely be more Rodgers. Transport cash for investment after 1980.

Mr. Rodgers also makes a surprisingly forthright attack on the present inquiry system, which centres on the Transport Users' Consultative Committee. These committees, which look at all proposals for closures do not work well, he says, partly from producing a because they are appointed pliant attitude from rather than elected. It is about reducing man-ferable, he believes, to have a old "destroy morale system in which local authorities is with a smaller net- take most of the decisions about which productivity the future of loss-making lines, tainly be no better. This suggestion was featured in even be worse."

orists 'drive too fast in fog'

AN half the motorists proportion of the total" said the in an M4 fog test report. ing too fast when "However, a higher percent- dropped to 50 yards or age of accidents involve fatal or serious injury when there is fog." Furthermore, the number of vehicles involved in an accident rises.

A Laboratory official explained that it was theoretically possible to link fog detectors to speed signs and give motorists much better guidance. But this was a "speculative suggestion" at present.

GENERALI
Assicurazioni Generali S.p.A.

1976 BALANCE SHEET

5 consolidated balance sheet of the Generali which consists of the parent company and 28 companies in which the former has a control totalled 1,738,000,000 lire in premiums a 37% increase over the previous year. The was distributed as follows: 31% in Italy, 40% of the Common Market, 23% in other Euro-tries, and 6% in the rest of the world. The net of premiums written by the Generali alone 52,280,000,000 lire. The outstanding profit in the 1976 balance sheet is due to events both and out of the ordinary.

of 1976 the Company's investments were distri-butions: real estate 488,329,000,000 lire (29%), est securities and shares 648,708,000,000 lire re-insurance deposits 421,128,000,000 lire bank deposits 93,101,000,000 lire (5.6%), life policies and mortgages 22,929,000,000 lire.

ing reserves reached 1,510,596,000,000 lire, a increase over 1975.

res amount to 121,342,000,000 lire, and with the Company's capital (totalling 10,000 lire) give the company a solvency which greatly exceeds its needs.

ue from investments totalled 120,678,000,000 4,000,000 lire are allocated, as is usual, to the mathematical reserves (also keeping in ranting of profit shares to life insurances po-).

balance sheet closes with a surplus of 044 lire; the profit coming from the manu-fice insurance is 15,472,831,751 lire, and the ng from non-life insurance is 6,792,503,293 976 dividend per share is 550 lire.

olders, moreover, have decided to allocate surplus — 14 million lire — to a "special be used for the purchase of Generali shares ket price. Such purchases are to be made on the Stock Exchange.

ordinary General Meeting approved the to increase the Company's capital from 100 to 65,830,176,000 lire, to be offered sharcholders through the issue of new shares ease in the nominal value of shares from 00 lire.

BRITAIN IN HOLIDAY MOOD

In the second of our six-part series on Britain's holiday centre, DAVID FREUD takes a fresh look at Windermere and the Lake District.

Foreigners are our saviours says Lakeland tourism chief

AT KESWICK 175 years ago Samuel Taylor Coleridge wrote his Ode to Dejection. It was almost his last major poem. He left soon afterwards for London, never to return to the Lake District.

The incident reflects unfairly on Keswick I feel. There must be many hundreds, if not thousands, of towns in which it would be more appropriate to consider dejection.

Keswick, like the other major tourist centres of the Lake District—Windermere, Ambleside and Grasmere—is a thoroughly charming place. Though the sun could have been more forthcoming yesterday, none of the holidaymakers I saw in the narrow streets of the four towns looked less than cheerful.

The Lake District boasts England's highest mountain in Scafell Pike, 3,210 feet, its biggest lake, Windermere, and all the other principal lakes in the country. Even since William Wordsworth, who started the lake school of poets in the early 19th century and spent 60 of his 80 years in the area, it has been a hollow magnet for the British.

Nowadays tourism is a major industry, thought to be worth £75m. last year and second only to agriculture. To my inexperienced eye tourism seems the most important. Sheep, one of the staples of Cumbrian agriculture, looked considerably thinner on the ground than human visitors.

While dejection may be the last thing in the minds of holidaymakers it has been a narrow escape for those in the tourist industry.

Disturbing loss

Recently the Lakes have lost a disturbing proportion of their pulling power in the home market. The area has always attracted the better-off. With 60 per cent. of overnight visitors in the ABC1 socio-economic categories it is probably the most up-market resort in Britain.

But with the squeeze on living standards, especially severe on those with higher salaries,



Terry Kirk's picture captures the foreign interest in the Lake District.

business has fallen markedly. There has been a drop of at least 20 per cent. in British holiday-makers to Cumbria over the past two years.

"Our saviour," said Mr. Ian Thompson, marketing officer of the Cumbria Tourist Board, "has been the foreigner."

He estimates that tourists from abroad, mainly Europe, have just about made good the shortfall. Their numbers have grown steadily from about 10 per cent. of the total in 1975 to some 30 per cent. this summer.

So, while there are still vacancies posted outside some bed-and-breakfast establishments even though it is peak season, the position is nothing like as bad as it could have been. Shopkeepers, in fact, are delighted with the development. Foreigners are bigger spenders than the British, and why should Oxford Street have a monopoly of the good times?

Probably the key factor in developing the new trade was the completion last year of the motorway link with Hull. With communications into the heartland of the southern Lakes so good, thousands of Dutch, Germans and Scandinavians have been encouraged to take the ferry over.

Yesterday foreigners were evident everywhere—Germans promenading lakesides in impeccable casual wear, French children running wild in the campsites, anxious-looking Dutch.

Americans were displaying their obsession with culture by being almost the only nationality in evidence at Rydal Mount, the whitewashed home of Wordsworth from 1813 to 1850. The more accessible and earlier Wordsworth residence, Dove Cottage, was packed with people from everywhere.

The number of people visiting the Lakes has been fairly steady over the past five years. About 2m. people are estimated to have spent one night or more in the area each year. Day trippers could swell the total to as much as 10m.; the new motor-

way network puts 20m. people within three hours' driving distance.

More than 80 per cent. come by car, and a recent survey showed that driving round the area looking at the countryside is the most popular activity.

Wordsworth turns in his grave, no doubt, but the area seems to absorb the thousands of cars without difficulty. And there are so many places to park where, by walking a few yards, one can find a scene as beautiful as any in Britain—the still waters of a lake mirroring high peaks, or a waterfall through woodlands.

Walking country

Less popular than wheels, legs are still thoroughly exercised on the upland dales and peaks in some of the best walking country in Britain. Within the 868 square miles of the Lake District national park there are areas in which it is possible to forget that cars were ever invented.

Water has an irresistible attraction, and the scene at Bowness, lakeside neighbour to Windermere, resembled that at any seaside resort. The four Sealink ferries were doing a roaring trade in trips round the lake. Picnickers played beach games on the grass, and several nasty cases of sunburn were on view—testimony to the heat of the previous few days.

Everywhere people were enjoying the water—swimming, fishing, rowing, sailing, skiing and canoeing. Which reminds me. Perhaps it was a slight misrepresentation to assume universal cheerfulness.

One junior canoeist yesterday found it beyond his powers to paddle back up the small torrent of the River Derwent to the lake. After several vain attempts, he got out and painfully dragged his craft through 100 yards of reeds to the shore. The look on his face? Coleridge would have recognised it immediately. True dejection.

All of these securities having been sold, this announcement appears solely for purposes of information.

NEW ISSUES

July 20, 1977

\$750,000,000

International Bank for Reconstruction and Development

\$250,000,000

7½% Five Year Notes of 1977, due August 1, 1982

\$250,000,000

7¼% Ten Year Notes of 1977, due August 1, 1987

\$250,000,000

8.35% Twenty-Five Year Bonds of 1977, due August 1, 2002

The First Boston Corporation

Salomon Brothers

Morgan Stanley & Co.

Incorporated

Goldman, Sachs & Co.

Merrill Lynch, Pierce, Fenner & Smith

Incorporated

Bache Halsey Stuart Shields

Blyth Eastman Dillon & Co.

Dillon, Read & Co. Inc.

Donaldson, Lufkin & Jenrette

Securities Corporation

Incorporated

Hornblower, Weeks, Noyes & Trask

Kidder, Peabody & Co.

Drexel Burnham Lambert

Incorporated

Lehman Brothers

Loeb Rhoades & Co. Inc.

Paine, Webber, Jackson & Curtis

Reynolds Securities Inc.

Smith Barney, Harris Upham & Co.

Incorporated

Warburg Paribas Becker

Wertheim & Co., Inc.

White, Weld & Co.

Incorporated

ABD Securities Corporation

Basle Securities Corporation

EuroPartners Securities Corporation

Scandinavian Securities Corporation

Incorporated

SoGen-Swiss International Corporation

UBS-DB Corporation

Daiba Securities America Inc.

Robert Fleming

Incorporated

The Nikko Securities Co.

Nomura Securities International, Inc.

Kleinwort, Benson

Incorporated

New Japan Securities International Inc.

Yamaichi International (America), Inc.

Ultrafin International Corporation

The Management Page

EDITED BY CHRISTOPHER LORENZ

LOST of the past 14 years, other factors including wage rises and unions in Britain drift. Compared even to the conducted their pay negotiations "n-n" strategy's against a background of adopted by the 1970 Conservative government in 1970-71 levels of wage rises for which meant that each major they should be aiming settlement should be about 1 per cent lower than the last, management have to there is little firm information their negotiating strategy to go on.

It is for this reason that the elements in financial plans have to make contingency. It is for this reason that the CBI has decided to step into the gap left, both by the TUC's inability to produce a firm settlement figure, and by the Government's consequential lack of willingness to upset union leaders by trying itself to fix one. First, the CBI has issued guidance to its members, firmly stating that "to achieve an overall increase in earnings of must be well within figures," and that no more than 10 per cent could be paid out till 12 months after employees' last pay rise. The White Paper, issued two weeks ago and at the Chancellor of the Exchequer's July 15 House of Commons speech, also said at vaguely that "the level of pay settlements is intended to be moderate enough to that the national increase is no more than 5 or 6 per cent."

But the most important innovation it has introduced is a central data bank and advisory service at its London headquarters which is intended to collect and collate details of wage information from individual companies. The information would then be used both to produce overall statistics on the progress and trends of pay claims, offers and settlements, and also to advise companies on the sort of individual pay moves being made in other concerns. This is a new departure for

The CBI hopes to influence wage settlements through its data bank and advisory service on pay. John Elliott examines its prospects

Employing collective help in the bargaining maze

The CBI, although it has for many years operated a more players' associations, limited general employment advisory service, which includes notification of industry-wide pay deals, the CBI also did some more widespread monitoring of large settlements in the Conservatives' "n-n" time.

Other arrangements also exist, in varying degrees of formality, for exchanging wage bargaining information, although both the CBI and companies are conscious of the risk of falling foul of price-fixing legislation. The CBI also services a long-established employers' consultative council on Merseyside, and there are also other close wage bargaining links between individual companies (the oil industry is one notable example).

form for employers showing the sort of information the CBI wants to be sent about all claims and settlements, and perhaps also about significant intervening points in major negotiations. The information would cover names of the unions and the number and type of employees involved, details of the claim and settlement, and the date of the last increase awarded.

The CBI hopes to hear about all negotiations, not just major settlements. It is not precise what this means but, although it would not want to be told of every individual piece-work deal struck on an assembly track, it does want to know of all formal pay and

other agreements covering interests) for a high figure may claim need not automatically be groups of employees.

How far such an ambition is such a sin, even privately, to the CBI, and would be even less willing for another company to be told about it.

On the other hand, a company may well be pleased both to advertise its own success and

hear correct information about other people's negotiations.

Information received will then be the extravagant public claims statements for the CBI's council, and will also be passed on to other companies where the provider of the information agrees.

While there can be no doubt that such a service is in the interests of the company receiving the information, it is more open to doubt whether companies will want to hand over totally honest and accurate information in the first place and, secondly whether they will agree to it being released with their name attached, either publicly or to another individual

The gap that the CBI is trying to fill is a real one. The past few years of pay policies have often been so precise about what each individual worker can get—mostly £4 a week in the past year and £6 in 1973-74.

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members as a benefit against the individual and therefore make sense to have their medical insurance scheme put right as soon as possible, certainly at a time most convenient to the company. An employee with even a niggling ailment is not likely to be operating at 100 per cent efficiency. But the company will want that ailment dealt with at a time which is most convenient to it so that company activities are disturbed as little as possible.

In addition, because the employee being treated is in a private room with telephone and access at most times, he can still take part in company activities once the immediate post-operation period is over (usually 48 hours). Thus the provision of medical insurance schemes can have a direct benefit to the company, as well as senior executives, as well as boosting the overall remuneration package.

The attractions of all this are not just hearsay. The Lee Donaldson annual report on medical insurance reveals that though numbers fell in 1976, the number of claims rose substantially.

An important feature about private medicine is that the employee need not automatically opt out of the NHS, whatever some left-wing politicians may wish. Membership means that when he is ill he has a choice, either to use NHS facilities or go for private treatment.

From a company viewpoint, it shows just how these schemes were being boosted fringe benefit hiccup in 1976. The troubles in the NHS over the past two years have given the effect of restricting new many people the impression that the patient is the last person to be considered in all the

wastage. Now that restrictions on companies' pay policies have been dramatically eased they can go ahead and establish such medical insurance schemes under even more favourable conditions than two years ago.

To the employee the attractions of private medicine tend to appear only when he is actually ill. If a person has a serious illness which requires sophisticated heart or brain surgery, the National Health Service is still second to none in dealing with the problem. But if only minor surgery is involved, such as dealing with a hernia, then a two-year waiting list for treatment is the norm.

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Not a very good report

WHATEVER else it may be the however, been endorsed, nor Think Tank's report on Britain's overseas representation is certainly voluminous, both in sheer length and in the number of recommendations and options which it puts forward. Naturally, the welter of proposals includes some sensible ideas, as well as others which are distinctly less sensible. But the net impact of the 442-page document hardly lives up to either the hopes or the fears which it inspired during its 15 months' gestation. Those who had looked forward to sensational recommendations must prepare instead for prolixity, pedestrianism and bureaucratic jargon.

Overstaffed

One of the conclusions—that we have too many embassies abroad, that our embassies tend to be overstuffed, and that embassy staff are made too comfortable—will come as no surprise, since it has been part of the small change of ordinary observation for some little time. But it is curious that the report does not even query the cost of paying boarding school fees for diplomats.

Equally surprising is the contemptuous view taken of the political work of embassies abroad, as though it were neither important nor difficult. Perhaps the real problem about political reporting by embassies is that it is not universally superior to that which the Foreign Office can read in the British Press. Certainly, by acceding to a Quai d'Orsay request that it make no contact with the French Communist party, the British embassy in Paris can only be hampered in its ability to make a first-hand assessment of the political outlook in France.

A large and growing proportion of Britain's diplomatic activity consists of negotiations with (and thus, in a sense, against) other Governments in the European Community and in other multilateral organisations. It is arguable, therefore, that the British Government other ministries who would be might be able to improve its expected to spend part of their negotiating ability, and thus its specialised careers abroad. If there is to be reform in it were to step up the level of our overseas representation, it political work in embassies is unlikely to come as a result abroad. This argument has not, of the Think Tank report.

Another couple of billion

THE OFFICIAL reserve of country was also invested in foreign exchange rose by another \$1.85bn. in July to reach \$13.42bn.—easily a record in absolute terms, if not in terms of the number of months for which it could finance imports at current rates. There were a couple of minor special factors at work: there were \$205m. of U.S. subscriptions for the BP issue, partly offset by a small outflow to disappointed subscribers elsewhere, and there was \$56m. of exchange cover loans by public authorities, of the sort that is now coming to an end. But the bulk of the increase during the month, which turns out to be at the upper end of the range of figures predicted, was due to the policy of pegging the sterling exchange rate to that of the dollar at a time when the dollar was falling. This policy was abandoned and the pound set free to rise against the dollar exactly a week ago, the day on which the U.S. announced poor trade figures for June and on which the U.K. reserve balance for July was struck.

The present policy is to hold the sterling exchange rate roughly stable not against the U.S. dollar but against the leading currencies as a whole. But money is still coming in from abroad on a considerable scale, despite all the uncertainties of the economic outlook, and this faces the authorities with certain problems.

Money supply

The most significant of these are in the field of monetary policy, which has become still more important since the Government's failure to reach agreement with the unions about a further period of voluntary wage restraint. There is little doubt that the growth of the money supply was kept under reasonable control during July; other influences apart, there were sizeable calls on partly-paid gilt-edged issues, including the long tap which sold out yesterday after only a week of drop in the exchange rate that effective life, and much of the foreign money coming into the and moderate.

The growing strength of the anti-reactor lobby

By DAVID HABAKKUK and FT Foreign Correspondents



Helmeted demonstrators carrying sticks try to enter the "forbidden zone" at the reactor site at Creys-Malville, near Lyons.

THE EMERGENCE of France's hitherto not very effective anti-nuclear lobby was marked on Sunday by the day-long battle between demonstrators and police around the site of the projected fast breeder reactor at Creys-Malville, near Lyons; one person died and over 100 were injured. In Britain, our own anti-nuclear lobby has also been making its way into the lime-light, rather more quietly. Having cut its teeth three years ago on the controversy about the light water reactor, it is now confronting British Nuclear Fuels at the public inquiry into the latter's plans to build a new thermal oxide reprocessing plant at Windscale.

In other countries, however—notably the U.S., Germany, Sweden, Japan, and Australia—the progress of the opponents of nuclear development has been much more dramatic. Over the past few years, environmental groups in these countries have managed to mobilise a number of public doubts and anxieties. These range from reactor safety and waste disposal to increasing concern about proliferation and possible nuclear terrorism—particularly should the fast breeder reactor and the associated "plutonium economy" be widely developed—and the impact which opposing these threats might have on civil liberties. This has meant that although the "anti-growth, small-is-beautiful" philosophy which tends to form a major plank in their platforms would be that of an auxiliary. After all, the priorities of the so-called industrial strategy may not coincide with the needs of customers abroad.

Foreign policy

There is a good deal of sense in the proposals that certain home departments, like Trade or Overseas Development, should play a more prominent role in handling those bits of foreign policy for which in effect they are responsible; and that some types of work can be done as well if not better by visits from London, rather than by staff resident overseas. It is rather more difficult to see any great merit in the proposal for the creation of a Foreign Service Group which would include both the existing diplomatic service and staff from other ministries who would be might be able to improve its expected to spend part of their negotiating ability, and thus its specialised careers abroad.

If there is to be reform in it were to step up the level of our overseas representation, it political work in embassies is unlikely to come as a result abroad. This argument has not, of the Think Tank report.

Supplies limited

Their successes have caused widespread alarm among the nuclear and electricity supply industries, and among some governments—notably the German. With oil reserves becoming progressively scarcer, it is seen that only a large-scale expansion of nuclear power can sustain economic growth and that, with uranium supplies also limited, the introduction of the fast breeder reactor, which uses uranium much more efficiently than conventional thermal reactors, must also be pressed.

The prospect of declining growth raises the spectre of rising unemployment and problems of social cohesion in countries where people have become used to continuously rising living standards.

In each of the three most powerful economies of the west, the U.S., Germany and Japan, the anti-nuclear lobbies have made their mark. In the U.S., President Carter has himself come out against early commercial development of the fast breeder reactor and the reprocessing of spent nuclear fuel, but has proposed a substantial programme of existing thermal

nuclear power can. A promise to "halt Sweden's march into the nuclear society." The Prime Minister's stand on nuclear power is not, however, shared by his coalition partners—the Liberals and the Moderates.

In Australia—where the issue is not the use of nuclear power, which the country does not need, but the mining and export to other countries of uranium—the National Conference of the opposition Labour Party this year voted flatly to oppose uranium mining development for the time being at least.

But although in Australia the pains to avoid the label "anti-nuclear lobby has become growth." Their energy specialists identified with the Left, the 1st, Mr. Walt Patterson,

the 2nd, Mr. Peter Patterson, and the 3rd, Mr. Alan Patterson, representing DM16bn. worth of assumptions common to many of the objectives of the Fast Breeder Reactor Project.

In Germany the nuclear programme has come close to being brought to a complete standstill. Last month, Herr Werner Malhofer, the Interior Minister, gave the green light for a new nuclear power station and two more are likely to be approved soon. But this was the first approval for more than eight months, and eight proposed nuclear power stations, representing DM16bn. worth of assumptions common to many of the objectives of the Fast Breeder Reactor Project.

MEN AND MATTERS

The other Forte's hotel

"I was chief cook and bottle washer, and I got tired of washing bottles," Michael Forte, younger brother of the good deal better known Sir Charles Forte, was recalling yesterday his departure nearly 30 years ago from the family firm Trust Houses Forte has grown into Britain's biggest hotelier—and now, in his early sixties, Michael Forte has made his own independent move into the hotel business.

He has bought the St. George's Hotel on the Promenade at Llandudno, North Wales, a grand Victorian establishment that like so many others of its type around our coasts has been ailing of late.

The hotel was thought to have been the resort's first, and in its heyday its patrons included David Lloyd George (who was wont to acknowledge his supporters' cheers from the front steps) and, improbable though it may sound, Bismarck.

The 80-bedroom St. George's has been owned for most of its 123 years by a local family, but latterly the hotel company was put into liquidation. The liquidator's staff have run the place for the last nine months, making what Forte regards as a surprisingly good job of it.

He paid some £250,000 and Forte expects to spend a similar sum to restore the hotel to former glories, giving himself three years to make a success of the operation. But there does not seem to have been any advice sought from the other

Forte, whose own recent hotel purchases have included the spending of a mere £27.5m. on 35 hotels sold by the troubled J. Lyons group. That deal is regarded widely as demonstrating the Forte nose for a shrewd deal. But Michael Forte declares: "I don't know anything

about my brother's business." A great uncle started the Forte catering interests in Scotland before the First World War, and relatives were brought over from Italy, where Michael and Charles were born, to run each new shop. Charles opened his first milk bar in Regent Street in 1935, and for the next 16 years, Michael worked for his company. "I did as I was told," he said yesterday. "My brother was always very bright and I was bit dull."

Michael Forte left to run the Cock Tavern in Fleet Street, selling up after eight years to marry a Welsh girl and move to North Wales where at various times he has operated restaurants and a (successful) commercial property company. As for Charles Forte, now 63, a doltish utterance in the latest issue of Accountancy magazine that he is "handing over" to long-time partner and joint chief executive Eric Hartwell ("my after egg-and-blood brother") does not mean, Forte told me, his impending retirement. It is a continuing but gradual process of passing responsibilities to younger men.

from the old Spirella group, Jack Menaged.

Alliance and Blackburn both denied yesterday any Board row and both say they remain good friends. Now that the two companies have been put together successfully it is right that the group should have one chief executive and that falls naturally to David's son, Blackbourn commented. The group has recently published good first-half results and has signed a major deal to provide the Iranian textile industry with expertise. According to Blackbourn, the time has simply come to find new

pastures.

Nevertheless it is another twist in an unusual career. A man who would like to be remembered for spotting first the opportunity for cotton polyester in the sheet market—now the main fabric used by the industry—he is more likely to go down in history for his part in the overthrow of Joe Hyman

at Viyella. Blackbourn took over as chief executive after Hyman, leaving to move to Vantonio, and in another major upheaval persuaded shareholders, against strong opposition from some Board members, to accept Spirella's bid. Despite the apparently amicable nature of the break-up of the partnership, Blackbourn is leaving without any definite plans for the future; giving him the opportunity, he claims, to look around. He already has a range of academic contacts, including an honorary professorship in industrial economics at Nottingham University, though a new post in the world of real business looks more likely than a total shift to academic life.

Into the sun

Perhaps it was just a touch of yesterday's sun but an advertisement in one of the other national newspapers struck me as sounding an odd note. It called for aircraft fitters keen to earn £5,575 tax free to think about going to work in Saudi Arabia. The average after tolling away in the less hospitable financial climate of Britain would have to earn around £10,000 to collect such net.

The jobs are on the Saudi Arabian defence support contract and the employer is the British Aerospace Corporation, newly nationalised and thus, as the ad proudly asserts, a British Aerospace company. Surely there is some perversity in a State business raiding such delights elsewhere?

Quite, quite

According to the Eastern Daily Press, auction house Sotheby Parke-Bernet claims its net sales increased £24.1m. "on the previous year."

Assets exceed £950 million. 135 branch offices throughout the U.K.



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The Ambassadors should sleep easy now

By MALCOLM RUTHERFORD, Diplomatic Correspondent

SIX years or so, it focus British representation future of official overseas on the advanced industry—representation overseas trial democracies—mainly major review. In Western Europe and North was the Plowden Re-America. These countries to 1968-69 it was the turn together would practise the "new" Duncan. Today it "diplomacy" an activity largely Central Policy Review concerned with economics, trade and social policy. Much of the ink—"whose 442-page rest of the world was dismissed published this morning"—is the outer area" from which Britain would have either withdrawn entirely or severely reduced its official presence. As Plowden was radical—a number of diplomats have since remarked, the proposals, if implemented, would have led to "review the structure and operation of our responsible for the interests of the government overseas... recommendations, had to changes in social and economic areas in this country". In other words, officially enjoined to Britain's role in the world, report when it came in ambivalence about the world that'd by Harold Macmillan's Prime Minister set the committee.

Plowden recommends many administrative reforms, most of which were adopted, but the philosophy still that of Winston Churchill. The British people believe that Britain of be content to be to a fame and minor world... it is in interest that Britain time to be heard and eight... until Duncan that in the real world of circumstances and exports. Or so it Duncan proposed to

And, in truth, over the years there has been a number of changes in spite of, or perhaps even because of, these official reports. In 1964 the Foreign Service, the Commonwealth Service and the Trade Commission Service were amalgamated to form the present Diplomatic Service. The Colonial Office has gone with the Colonies. The Foreign Office and the Commonwealth Relations Office have

such subjects require, indeed compel, co-operation and interchange between Government departments. There is no way that the British Government can opt out of them for they concern vital interests. If there is a UN Conference on the Law of the Sea, appear to lie in various news-papers to the effect that a qualified British delegation has to be found.

It should be said too that the abroad—notably Washington

or the Right-wing made by Mr. Edward Heath another review did not lie in variety. The value of Britain's when he criticised the think tank, it was not even Security Council, for example, for the job. It is, in fact, part of the think tank brief is questioned. There is even a right or wrong, deeply rooted in the thinking of the present Government. It accepts the recommendations, says the report, "should be applied with particular vigour to Commonwealth posts."

Africa. Shades of Sir Val Duncan and the recommendation to withdraw from the Gulf in the late 1980s!

It is very striking that when it comes to what might be called "cultural diplomacy"—the British Council and the External Services of the BBC—the report virtually stands its philosophy on its head. There is naturally a limit to how far education and the arts can promote themselves. The French, the West Germans and, increasingly, the Japanese respond by government subsidies. The returns cannot be measured, but it would be hard to find people who do not believe that the French, for example, do not in some way benefit from maintaining (say) schools abroad.

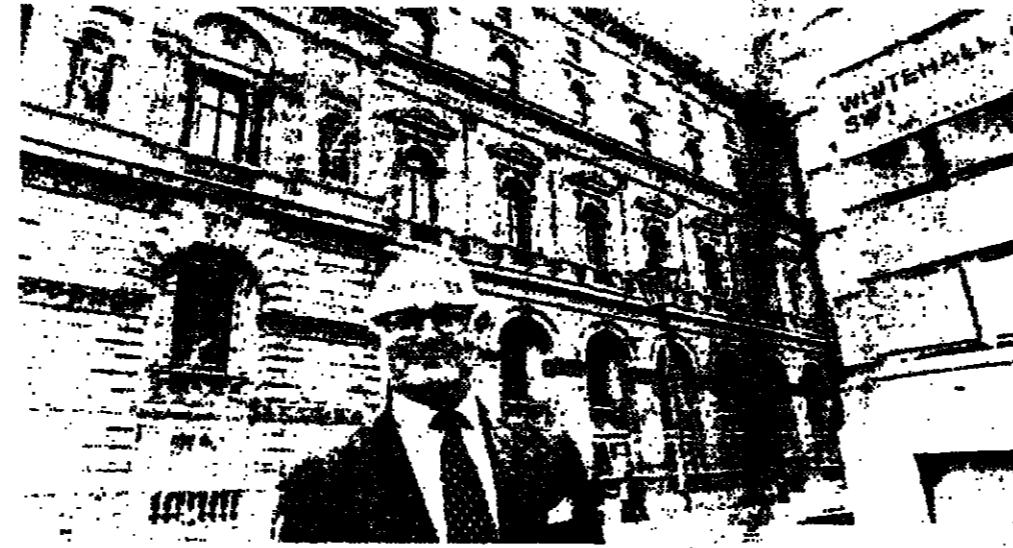
For Britain, the think tank disagrees. The provision of British arts and culture, it says, should be given low priority in developing countries—because it is of doubtful relevance to their needs. As for developed countries, they should either pay the full cost, which is something we do not do ourselves—or do without. The only exception should be the Soviet Union in the interests of East-West relations, but where, as it happens, it is rather hard to penetrate.

The report also has a good deal to say on the reform of the Foreign Office and the Diplomatic Service—a subject which has been keeping Ambassadors awake and regarding their dinner tables for months. After this performance, however, they can probably stop worrying. There may be some changes in the interests of greater specialisation, but on the evidence of this report, the real candidate for reform is the think tank itself.

Rolls-Royce

Yet even Duncan had its bickerings for the past. "If Britain" said the report in a memorable sentence, "may be compared to a man who decides that his requirements no longer justify the upkeep of a Rolls-Royce, the choice lies between replacing it by a smaller car of high quality or a lower quality car of the same size." "We are sure," it commented, "that the former option is to be preferred." It was still the Rolls-Royce diplomacy, or what the think tank to-day would call the elitist approach.

It turns out that even that has been changing. The report to-day reveals that, of its own accord, the Foreign Office is reducing the number of heads of mission abroad supplied with Rolls-Royce cars from 23 to 11. All those that remain "will be in capitals where there is a reasonable probability that multi-fibre agreements, the Law of the Sea or the North-South service. As the think tank re-



Sir Kenneth Berrill outside the Cabinet Office in Whitehall.

been merged and the Minister costs of all this are relatively small. Net expenditure on Overseas Development has been in and out of the Cabinet, making and execution of the Ministry has been in and out of the Foreign Office. 1975-76 was around £290m.

There have also been some very good reasons for change. Quite simply, Britain is no longer the power that it was in the early post-war period. Nor for the British Council and the external services of the BBC. To-day much of it is about 23,500, or less than 5 per cent. of the non-industrial civil penditure on all programmes. One is tempted to say that in that sense the think tank has succeeded brilliantly. The great power nostalgia that lingered even in Duncan has gone completely. So has any trace of chauvinism, whether of

Bonn—were rather too large. The opportunity was not taken to launch a scale review with the aim of bringing British representation overseas more in line with the Britain we live in.

One is tempted to say that in that sense the think tank has succeeded brilliantly.

But if that is the style of the new Britain, what of its substance? It is necessary here to make a preliminary comment. It would be a mistake to regard this report as coming from an independent body—a point

Letters to the Editor

Icing the

Treasury-General

sentence stands out about financing (August 1). It reads: "In public now faces of whether or not we present broadcast to be kept and if so, to present financial site apart from your that there would acceptable consumer to a proposal to end s it is now financed, as justifiable to look the Annan Committee hardly cold in its especially at chapter scrutiny from some severe critics on the the licence fee was unanimously

little also faced the whether or not the "of such a size financially unwieldy," or not there were five economies to both questions which It concluded, by a the advantages of over-riding. And it licence fee represents value for money, queries by outside from the Public Committee to the Est- (Sir) Charles Curran. Committee, and to Mac- also endorsed our operations. We ask, as the man- responsible for when we are at wed to occupy our programmes, rather remitting enquiries due to produce of our admiral-

had no doubt at all that the licence system was right for the BBC and that no advertising revenue incursion should be made into the BBC's broadcasting finances. He was equally firm, having been the Minister responsible for the grant in aid supporting the external services, that to sustain the whole BBC by this means would be wrong.

May I suggest that you identified the correct question—and the only question—when you said: "A 12-month licence decision simply throws the whole question into the political arena again next year, absorbing unnecessary parliamentary time and effort and making long-term planning by the Corporation impossible. You would find much support in the BBC for your view that the system of annual fee adjustment, now chosen by the Government offers the worst of all worlds."

And finally, your point about asking the licence payer to sustain (the) ratings war with commercial and local radio. The licence fee is a general impost on the public at large. The service for which it pays should be designed to serve the same public—not some select section within it. The licence fee is acceptable only as the financial base for a popular service of high quality. It fails to justify itself if it pays only for programmes for the few, however high the quality.

(Sir) Charles Curran.

Broadcasting House, W.I.

Dolphin Theatre subsidy

From the Director,

Dolphin Theatre Company.

Mr.—Antony Thorncroft's question of a BBC account (July 28) of this company's present dispute with the revenue authority was answered with a great deal a ago by the expert of ground and was speak for both sides. But may I make it clear that at no time in the the BBC, no dispute have I suggested that any,

enforceable safeguards against any exploitation of their lack of the closed shop would do. It is therefore contrived to omit curious to find it ignored of the far-reaching entirely.

What the author of your article could not have known, however, is that we have now refined the offer in such a way as to make ACAS (The Advisory Conciliation and Arbitration Service), whose bidding on wages and conditions we would like to give it a binding, the independent arbitrator, if others would do so. This was done to meet the NUJ reservations about the objectivity of the review body.

All through the NUJ inexplicably although it had the the last week, the National Graphical Association decided to conduct an industrial action before it could be discussed by the TUC printing industry committee presided over by Mr. W. H. Keys, general secretary of SOGAT (Society of Graphical and Allied Trades).

In these circumstances—and given that the whole matter of the proposed Press charter is still under discussion prior to coming before Parliament—the sincerity of those who have closed down our papers at Darlington must come into question. It is nothing short of tragic that the Northern Echo, the largest selling regional morning newspaper in England, should be thus emasculate the press.

wished, it could dispute and the industrial muscle went to arbitration. I am agreed. 10 Aug. an arrangement which will emasculate the press.

been written and the loosely-worded set of the Royal Com- P.M. which closed Westminster Press, P.O. Box 265, London, to give a Newspaper House, an objective and

view it is far should be put into question.

the universally Nicholas Herbert, a Press representative to the Royal Com-

mission to give a

newspaper objective and

8-16, Great New Street, E.C.4.

of the Arts Council assessors drunk-in-charge conviction might have been unfair in their licences that they are safe on judgment of this company not to reveal it five years after because they themselves run restoration of the licence. They are certainly safe five years after companies which are also applicants for Arts Council money. My criticism was that two of the three assessors had seen next to nothing of our work during the company's five years existence. This seemed to me a considerable disadvantage to anybody in assessing a theatre company—rather like a jury trying a case without seeing the evidence for the defence.

I would also like to emphasise that, in fixing our subsidy, the Arts Council takes no account of the main purpose of this company, which is to attract young people. These represent 75 per cent. of our audiences and they can buy any seat in the house at £1.00 or less than £1.

It is possible for us to play to full houses of young people and still lose money, for instance at Shakespearean productions which involves a large cast and heavy scenery and costume bills. To the layman, our subsidy of £24,500 may seem relatively high. Compare it however with the amount paid to our friendly rivals, the Young Vic, which runs a similar policy and receives £10,000, or to Stratford-upon-Avon (£10,000) or to the Royal Court (£24,000) or to the regional repertory companies, few of which receive less than £20,000 plus, in many cases, substantial grants from local authorities and regional Arts Associations and your readers may well agree that we come off rather badly.

But our major concern over the Arts Council's re-assessment is due to its threat to withdraw subsidy in 1978 unless we pursue a more adventurous policy by developing company writers and staging more new plays. Since every new play we have staged at this theatre has lost heavily, we accused the Arts Council last October of having developed a new version of Morton's Fork: "If we are guided by you," we wrote, "we shall be ruined financially. If we refuse to be guided, you are likely to withdraw subsidy, so that we would perish anyway."

As the Arts Council's drama department has a special concern with encouraging young audiences, we find its policy towards this company (which despite its limited resources, has had a good deal of success in catering for young people) inexplicable. In the present economic climate, most theatres face a desperate fight for survival. We find it profoundly depressing that a body like the Arts Council should increase, rather than diminish, our professional anxieties.

Michael Croft.

Shaw Theatre,

100, Euston Road, N.W.1.

Disclosing a conviction

From the Chief Executive,

Boddali Bradford

Sir—I was pleased to see from

the letter in the Financial Times

of July 30 that my old friend Cecil Ashley is alive and well

although living in Cheshire.

I can offer him one possible

crumb of comfort in his retire-

ment about the probable adverse

effect of the Rehabilitation of

Offenders Act on motor insur-

ers. I understand why it is ob-

jectively difficult that the

job evaluation

to conduct an

industrial action before it

could be discussed by the TUC

printing industry commit-

tee presided over by Mr. W. H. Keys,

general secretary of SOGAT

(Society of Graphical and

Allied Trades).

In these circumstances—and

given that the whole matter of

the proposed Press charter is

still under discussion prior to

coming before Parliament—the

sincerity of those who have

closed down our papers at Dar-

lington must come into question.

It is nothing short of tragic that the Northern Echo, the largest

selling regional morning news-

paper in England, should be

thus emasculate the press.

As far as I know, the point has

yet to be tested in the courts. In

the meantime, this company will

certainly not categorically advise

motorists in general or RAC

members in particular with a

driven, Surrey.

Transport to dockland

From Mr. B. Fogarty.

Sir—Horace Cutler (July 29)

really must do better in defend-

ing the Jubilee (new River) Line.

He certainly knows that employ-

ment is the key to the regenera-

tion of docklands, but does he

ignore that: (a) The Line

does not intend to improve the

freight and other industry

related traffic; (b) The strategic

plan includes the provision of

up to 13,750 new jobs before any

section of the Line is complete;

and up to a further 17,500 jobs

before the Line is due to be

linked to the major new indus-

trial area, in Beckton; and

(c) Private investment, while

perhaps needing some en-

couragement to enter the area,

is more likely to hear from the

Government's current urban

policy than from the putative

redevelopment of the Line.

Full details of the scheme are

available from the Dept. of

Transport, 100, London E.C.1.

Yours etc.,

B. M. C

COMPANY NEWS + COMMENT

Letraset jumps 50% to record £6.52m.

SECOND HALF pre-tax profit of Letraset International, the art materials group, jumped from £2.75m. to £3.65m. to finish the year ended April 30, 1977 up 50 per cent to record £6.52m.

The directors say that the results confirm the optimism expressed in the interim announcement. Then, they said that while they did not expect continued profits growth at the rate of the first six months, they anticipated a satisfactory increase in the second half.

For the year it is reported that the volume of sales continued to grow satisfactorily and margins in overseas markets have strengthened. The year saw a further improvement in cash flow and liquidity and the financial position "is extremely strong."

Overseas sales represent about 86 per cent of the total £28.67m. (£22.74m.).

Stated earnings are 14.06p per 10p share—the net final dividend is 2.01081p for a total of 2.82681p (£2.4088p).

DIVIDENDS ANNOUNCED

	Current payment	Date	Corresponding payment	Total for year	Total last year
Acorn Sees.	Int. 7.768	Oct. 31	6.63	7.76	6.63
W. Alexander	2.33	Oct. 3	—	4.25	3.75
City Offices	0.77	Oct. 3	0.7	—	1.54
Wm. Cook (Sheffield)	1	Oct. 3	0.8*	1.55	1.33*
CSC Invest.	1.88	Sept. 17	1.63	—	3.75
Letraset Int.	2.01	—	2.15	2.83	2.34
Unitech	2.31	Oct. 1	2.11	—	3.25*
Vicose Dripl.	1.16	Sept. 2	1.05	—	2.53
Westinghouse	0.83	Oct. 3	0.74	—	1.9
Yeoman Investment	2.64	Sept. 16	2.28	—	6.5

at about the same dates as their 1976 reports. The delays are due to the desirability of disposing of at least the greater part of the relevant season's tea production rather than relying on estimates which could result in large adjustments in following years.

The reports of Badalpur Tea Company and Barabani Holdings are likely to be issued even later than usual owing to additional difficulties involved in a change of representation in Calcutta.

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Directors expect to pay final of not less than 4.25p (4.25p). § In lieu of final.

London & Northern looks to 1978

Results for the current year at London and Northern "will be something similar to last year, but the real tangible growth will come in 1978." Mr. Jock Mackenzie, the chairman, told shareholders at the AGM yesterday.

The problem area is scrap metal where profits last year fell to £2.3m. from a peak of £4.1m. Shareholders were told that "this division will do worse than £2.3m. this year."

Profit prospects have also been affected by the poor weather in the first half which held back the U.K. construction side, but that is now improving and overseas

Paulings has won £100m. construction contract in Dubai.

At the meeting Mr. Mackenzie revealed that the £2.3m. written down in development land was done at the insistence of the auditors who would otherwise have qualified the accounts.

He also expressed regret at the purchase in 1973 and 1975 of civil engineers, Murphy (now sold), and housebuilders, Bauldons.

"Earnings per share would have been double today if we hadn't done those two deals. From now on the group will revert to investing in small companies which are growing with it," he said, "and in companies which we know something about."

Shareholders holding at least 250 shares will be entitled to a revaluation etc.

Westinghouse grows to £2.57m. midway

BOARD MEETINGS

The following companies have no date of Board meetings to the Exchange. Such meetings are used for the purpose of considering the annual accounts and available whether dividends can be interim or final and the dividends shown below are based on last year's accounts.

TO-DAY

Interim—Leslie and Godwin, Renvoiser Thorncroft.

Final—Acrow, James Austin & Peter Black, Bellenden Textile Prod Co, Clegg, Gossage, Gossage, Hilliard, Roman Tea, Stock Corvee and Investment Trust, Verses Restructures, Western Canada In-

mentum, Williamson Tea.

FUTURE DATES

Interim—British American and Gen. Trust Au

East Lancashire Paper Au

English and New York Trust Au

General Electric Assurance Au

Hilliard, Roman Tea, Stock Corvee and Investment Trust, Verses

Restructures, Western Canada In

mentum, Williamson Tea.

Friends Provident

New annual premium inc

for ordinary life and annuities

the first half of 1977 increase

3% per cent from £1.6m. to £2

in the UK and Eire.

New premiums from exist

ingly from the high leve

due to the influence of

restrictions and the bar on

movements to levels of ben

it is stated.

Total worldwide new busi

figures for the company and

Canadian subsidiary, Fidelity

Assurance Company, for the

months are: New annual

premiums £7.2m. (£8.7m.) and

single premiums £2.7m. (£2.4m

ISSUE NEWS

Yearling bonds fall sharply to 9 1/8

The coupon on this week's yearling bonds has dropped from 10 per cent to 9 1/8 per cent, the sharpest fall in one week since interest rates started to rise in January. The bonds, issued at par, are due on August 8, 1978.

The issues are: Borealis of Pendle (£1m.), Borealis Borough of Horwich (500,000), London Borough of Wandsworth (500,000), West Yorkshire Metropolitan County Council (£1m.), Bradford Borough Council (£1m.), City of Glasgow District Council (£1m.), Strathclyde Regional Council (£1m.), Dyfed County Council (£1m.), Rother District Council (£1m.), City of Wakefield Metropolitan District Council (£1m.), Dudley Metropolitan Borough Council (£1m.), Oldham Metropolitan Borough Council (£1m.), Blackpool Borough Council (£1m.), Borough of Brixton (£1m.), Croydon (£1m.), Cumbria County Council (£1m.), Cleveland County Council (£1m.), Borough of Cynon Valley (£1m.), Neath Port Talbot (£1m.), Dunfermline District Council (£1m.), Aylesbury Vale District Council (£1m.), Salford Coastal District Council (£1m.).

There is one five-year bond of £1m., issued by the Guildford Borough Council with a coupon of 12 1/2 per cent and due at par on July 28, 1982.

Western's sales, which totalled some \$4m. last year, are primarily to fleet operators, vehicle equipment dealers, parts distributors and battery specialists. Mr. William Kennedy, president and general manager, will continue as general manager.

Chloride plans to expand Western's existing automotive battery facilities over the next five years in order to increase production by 50 per cent.

Chloride has acquired Western Batteries Inc. of Portland, Oregon, a leading supplier of automotive batteries in Oregon, Washington, Idaho, Alaska and Hawaii. The purchase is Chloride's first expansion on the West Coast of the U.S.

Chloride's bid for Empire succeeds it will have almost half of the votes in Singlo, taking into account holdings of non-cumulative preference shares.

The offer for Singlo, which is itself making a £1.48m. bid for Empire Plants, will be 100,000 shares at present. Other bids for Singlo which it says will be less than 18p a share.

Caparo's terms for Empire, in which it has a 17 per cent stake, are 23p in cash for each Ordinary and 45p in cash for each Preference share.

The terms of the Laird offer are one Ordinary share and 78p cash for every three Charrington shares, which at yesterday's closing price puts a value of 53p on the Charrington shares. This compares with a closing stock market price of 68p. In other words the Laird offer values Charringtons at 119.5m., while the market values the company at 22.7m.

The Laird offer document shows that Mr. John Gardner, Laird's chief executive, has disposed of 100,000 shares in the company in the past two months, leaving him with a holding of 100,000 shares at present. Other Laird executives have sold 41,200 shares since the end of May.

Maurice James Industries, the midland industrial holding company, is bidding for George Dolan. Mr. Oliver Jessel is a director of companies which, between them, hold a 24.4 per cent stake of George Dolan.

The offer is 14p per share in cash and 10p in 12½ per cent Unsecured Loan Notes repayable at par in two years. This compares with a price range of 14p to 20p a share so far this year and a price of 16p when Mr. Jessel joined the Board of Dolan in January.

The bid has not been officially supported by the Board, which is recommending shareholders to take no action at this stage. However, Mr. Maurice James, chairman of Maurice James Industries, said last night: "The offer has been discussed with the Board of Dolan but one or two of them are on holiday. I think it will get the support of the Board."

M. James Industries already holds 28.3 per cent of Dolan.

If the bid is successful, Mr. James said the business of Dolan (tailoring and outfitting) would continue as before and there would be no sale of fixed assets. However, the continuance of Mr. Jessel on the Board is "not envisaged."

The reason for the bid, according to Mr. James is that he does not like bits of companies "and acquire assets like an alternative to buying out the other holdings would have been better."

Mr. Jessel said he "was not satisfied with the price we could get." Last night, shares of George Dolan rose 2p to 22p, having risen by 2p the day before. Shares of M. James Industries fell 1p to 19p.

THE NEW THROGMORTON TRUST LTD.

Capital Loan Stock Valuation

2nd August, 1977

The Net Asset Value per £1 Capital Loan Stock is 59.11.

Securities valued at middle market prices

The Preference shares were

issued to Swire shareholder

a scrip issue. They are irredeemable, but the placing with institutions interested in the sh

has, in effect, put some of Swi

re's capital into shareholders' h

No part of the proceeds of

placing will accrue directly to the company and there are

plans to seek a share quo

for Swire's Ordinary sh

Lazards explained.

LONG TAP EXHAUSTED

The long "tap" Treasury

per cent 1981 stock has run

with the latest price at 22.74.

See Lex

BIDS AND DEALS

Laird Group offers powerful support for Charringtons Industrial

Laird Group, the metal, transport engineering and motor components business, says that it will be able "to provide powerful additional support for the development of the businesses of Charringtons Industrial", the company for which it has launched a £20m. bid.

The formal offer document sent to Charringtons shareholders yesterday argues that Laird can do this because of its size and the £20m. compensation which it will receive from the nationalisation of its aircraft and shipbuilding interests.

The terms of the Laird offer are one Ordinary share and 78p cash for every three Charrington shares, which at yesterday's closing price puts a value of 53p on the Charrington shares. This compares with a closing stock market price of 68p. In other words the Laird offer values Charringtons at 119.5m., while the market values the company at 22.7m.

Charringtons' audited results for the year ended April 30, 1977, show a turnover of £16.3m., net assets of £2.2m. and a loss of £1.1m.

The offer is 14p per share in cash and 10p in 12½ per cent Unsecured Loan Notes repayable at par in two years.

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ON-LINE SYSTEMS

ON-LINE SYSTEMS has agreed in principle to acquire the stock of Vixens Computing Services, a time sharing and batch bureau. On

the £1.1m. consideration.

Hygenic Paint Company, based in Leeds, for the nominal sum of £1 and has agreed to guarantee bank borrowings of the company currently £140,000.

Latest management accounts of Hygenic show capital employed of about £500,000, net assets in excess of £200,000 and turnover to be running at some £15m.

MINING NEWS

Nchanga going through difficult year

KENNETH MARSTON, MINING EDITOR

other copper producers shares, of which £23m. were set aside for firm company subscription. Consolidated is struggling.

It is reported from Johannesburg that the price of rising costs and low geographically, the Commission does not wish to stand for re-election at the annual meeting on August 26, 1977.

The report also reveals a £20,000 compensation payment for loss of office to a former director.

This is believed to have been paid to Mr. William Ferrier, formerly assistant managing director, who resigned last November to facilitate "the management reorganisation."

The other side of the Nchanga sheet, Nchanga has a fine complex with good-grade and life mines. Helped by production of 427,810 tonnes of finished copper together with earnings of per cent. deduction of Cuban Kwanzas in July, the company made a pre-tax of £83.6m. (£61.9m.) for the last March compared with £59.6m. in 1975-76.

taking into account profit tax—the Zambian government has been increased to 45 per cent. to went—and allowing for extraordinary loss arising from devaluation, there profit for the past year in dividends were paid the Preference shares annual statement the n. Mr. G. K. Chinkali, its that "unless the copper market significantly improves the company will face considerable financial difficulties."

He still hopes that in the year the price will be high enough to cover its production costs which increased by devaluation was £890 per tonne London Metal Exchange compared with an average £535 in the year to last while, planning has an advanced stage for the (11.17.8m.) tailings leach tension. Construction time extension is put at three years and it will probably cost low some tonnes of cathode copper treatment of old tailings Chingola mine for about it is also proposed to re-kilometre, but only at first. Zambia's investments were 16% yes-

SEICAST FINDS MORE NICKEL

Seeking further nickel ore at its Spargoville mine in Western Australia, the Selection Trust group's Seicast Exploration reports that at Location 1 there is drilling indicated mineralisation.

At yesterday's Seicast meeting in Sydney the chairman, Mr. Chester Beatty, said that there were indications that the company would make a modest net profit in the current year to March 31. There was a net loss of \$A38.62m. in the previous year when operating costs did not end until the second half. Seicast Exploration were 36p yesterday.

LOWER EEC COAL OUTPUT SEEN

Coal mining in the European Community is expected to decline through 1980, according to a survey of plans made by the European Commission.

The Commission said that present plans call for the equivalent of 233m. tons to be mined in oil and Uranium (Ercz) 1980, down from the 267m. tons offered to them at a mine in 1976. It noted, however,

that if projects currently lacking final offering was 16m. approval get under way, there

stampede, unprecedented in Africa since the boom 1969, it is now officially

that the public there for more than 3.75m. shares in East 1980, down from the 267m. tons

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

West German chemical sales slow

BY JONATHAN CARR

SALES growth in the West German chemical industry has fallen below expectations in the first five months of this year and the outlook is not encouraging.

This emerges from the annual report of the German chemical industry association (VCI), released today which has more than 1,700 member firms covering over 90 per cent of the country's chemical turnover.

From January to May inclusive, sales were up only 2 per cent—with an increase of just 1 per cent at home and 4 per cent abroad. The industry sees little prospect of a higher rate of home sales growth, and the rise in the Deutsche mark as well as the above-average increase in costs in West Germany are making exporting more difficult.

At first sight these results appear to mark a big turnaround after the apparent boom year of 1976. Last year the industry

increased sales by 14 per cent to DM90.1bn and exports by 20.3 per cent to DM34.6bn, the "Big Three" chemical companies also saw substantial jumps in net profits as a percentage of turnover.

Last year the chemical industry's export quota—that is exports as a percentage of turnover—rose to 40.8 per cent from 38.6 per cent (against an export quota of 31.5 per cent for the whole of German industry). Of jobs, despite high investment in the chemical exports total, 44.4 per cent went to European community countries against 42.6 per cent to 56.2 per cent in 1975.

In an article published today, Hoesch from BASF, Hoechst from DM24.8bn, to DM47.3bn, and Bayer from DM31.4m, to DM45.6m. These advances are impressive mainly when put against the calamitous year of 1975. In fact the chemical industry last year managed to pull itself back to a production and sales level, in real terms, only just above that of 1974.

Further, last year's results were due to buoyant growth in the first half which tapered off. Thus the results for this year represent a continuation, and slight worsening, of this trend.

The detailed figures released by the VCI show how dependent the industry is becoming on exports and in particular on the markets of its immediate neighbour-

bours which have severe economic problems.

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BONN, August 2

The VCI says the industry will invest at around the 1976 level of DM5.6bn—but this will not necessarily mean an increase in the number employed in the industry dropped last year by 2.8 per cent to 562,000.

The VCI gave a general picture of developments by sector in the first five months. Production of synthetic fibres has continued to fall amid fierce price competition and there has been a small drop in the plastics and varnish sectors.

He rejected widespread suggestions that jobs were being lost thereby. On the contrary it was only through such investment that the industry could continue to produce competitive products and maintain a high employment level, Herr Sammet has been some improvement in said.

AMERICAN NEWS

New chairman for Lockheed

By John Wyles

NEw YORK. August 2. Mr. Robert W. Haack is to step down from the chairmanship of the Lockheed Aircraft Corporation at the end of September, having originally accepted the job six months and stayed 18.

In a surprising move, the Lockheed Board has decided that he will be replaced by Mr. Roy A. Anderson, the company's 56-year-old vice-chairman, whose 21 years' service at Lockheed will inevitably raise questions about his situation during the bribery scandals which have badly shaken the aerospace giant over the past two years.

Mr. Anderson has been vice-chairman since October 1975, having been a senior corporate executive since 1969. A Lockheed spokesman said to-day that the appointment was made after a special committee of the Board had interviewed several possible candidates, mostly from outside the company.

The Board decided that Mr. Anderson would provide the management character consistent with the standards of today's Lockheed," he added.

Mr. Haack took over from Mr. Daniel Haughton in February 1976 when the company was in the thick of a scandal over improper foreign payments. Since then, Mr. Haack has led the company through a major refinancing exercise which helped stabilise its debt while earnings have increased 14.9 per cent to \$25.5m. in the first six months of this year.

BankAmerica Asian restructuring

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BANKAMERICA is negotiating to take full ownership of Assem Capital Corporation, of Hong Kong, and to increase its stake in Assem's parent, Asian and Euro-American Merchant Bank, of Singapore, a BankAmerica spokesman said in San Francisco last night.

Bank of America has five branches in Hong Kong, and, if Assem, it is planned, will become BankAmerica's merchant banking arm in the colony.

Negotiations are being carried out through BankAmerica's Edge Act corporation, Bancorp International Financial Corporation.

It is planned that ASEAM, of Singapore, will be owned 37 per cent by the BankAmerica subsidiary; 37 per cent by Overseas Union Bank and 26 per cent by Dai-Ichi Kangyo Bank. BankAmerica currently has a

30 per cent stake in ASEAM (\$175.9m. from \$149.3m. a year earlier, before securities transactions).

BOEING COMPANY has raised its dividend to 80¢ a share, from 35¢, in recognition of increased earnings, and has declared two-for-one split of its common stock. AP-DJ has reported from Seattle.

The plans are subject to approval by the U.S. Hong Kong and Singapore governments.

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As reported in later editions yesterday, Boeing more than doubled its net profit in the second quarter, to \$56.4m., or 23¢ a share, from 20¢. Reuter reports from San Francisco.

This follows the announcement two weeks ago of a rise of over 18 per cent in second quarter net profits, to \$83.1m. from \$78.8m. in the same period last year. Net income for the half year was up 17.8 per cent to \$1.91bn.

Half-year net profits were \$84.6m., or \$3.95 a share, against \$42.6m., or \$2.01 a share, on revenues of \$2bn., compared with \$1.91bn.

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GREYHOUND CORPORATION

Second Quarter 1977 1976

Revenue 933m. 950m.

Profits 15.9m. 17.7m.

Per share... 0.37 0.40

Six Months

Revenue 1.8bn. 1.8bn.

Profits 24.9m. 31.5m.

Per share... 0.57 0.72

WASHINGTON POST CO.

Second Quarter 1977 1976

Revenue 113.0m. 99.0m.

Net profits 10.82m. 7.72m.

Per share... 1.28 0.86

HALLIBURTON CO.

Second Quarter 1977 1976

Revenue 715.8m. 690.6m.

Net profits 46.01m. 47.46m.

Per share... 1.78 1.92

These securities have been sold outside the United States of America and Japan. This announcement appears as a matter of record only.

NEW ISSUE

29th June, 1977



MITSUBISHI GAS CHEMICAL COMPANY, INC.

(Mitsubishi Gas Kagaku Kabushiki Kaisha)

U.S. \$20,000,000

6 per cent. Convertible Bonds 1992

Nomura Europe N.V.

Westdeutsche Landesbank Girozentrale

Credit Lyonnais

Orion Bank Limited

Swiss Bank Corporation (Overseas) Limited

Mitsubishi Bank (Europe) S.A.

A. E. Ames & Co. Limited

Algemene Bank Nederland N.V.

Amex Bank Limited

ASIAN-Asian International Acceptances & Capital Limited

Associated Japanese Bank (International) Limited

Bache Halsey Stuart Shields Incorporated

Banca Commerciale Italiana

Banca del Gottardo

Banca Nazionale del Lavoro

Banco di Roma

Bank of America International

Bank Leu International Ltd.

Bank Nee & Hope N.V.

The Bank of Tokyo (Holland) N.V.

Bankers Trust International Limited

Bankers Trust International Limited

Banque Arabe et Internationale d'Investissement (B.A.I.I.)

Banque Bruxelles Lambert S.A.

Banque de l'Indochine et de Suez

Banque Francaise du Commerce Extérieur

Banque Générale du Luxembourg S.A.

Banque de Paris et des Pays-Bas

Banque Nationale de Paris

Banque Rothschild

Banque de Neufville, Schlumberger, Mallet

Baring Brothers & Co., Limited

Bayerische Landesbank

Bayerische Vereinsbank Girozentrale

Barclays Bank International Limited

Blyth Eastman Dillon & Co.

B. I. Carr, Sons & Co. (Overseas) Ltd.

Citicorp International Group

Berliner Handels- und Frankfurter Bank

Chase Manhattan Limited

Christiansen Bank og Kreditkasse

Citibank N.A.

Commerzbank Aktiengesellschaft

Compagnie Monétaire de Banque

County Bank Limited

Credit Commercial de France

Credit Suisse White Weld Limited

Credito Italiano

Daiva Europe N.V.

Den norske Creditbank

Danske Bank Aktiengesellschaft

Dansk Handelsbank

Dansk Handelsbank

Dansk Handelsbank

Dewey & Associates International

Effectebank-Warburg Aktiengesellschaft

Euromobilare S.p.A.

European Banking Company Limited

Drexel Burnham Lambert Incorporated

Robert Fleming & Co. Limited

Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft

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First Boston (Europe) Limited

Hambros Bank Limited

Hessische Landesbank Girozentrale

Hill Samuel & Co. Limited

Goldman Sachs International Corp.

I.E.I. International

Jardine Fleming & Company Limited

Kidder Peabody International Limited

WALL STREET + OVERSEAS MARKETS

+ FOREIGN EXCHANGES

Lower on bleak economic outlook

BY OUR WALL STREET CORRESPONDENT

STOCK PRICES were broadly lower in quiet trading at mid-day. Investors were disappointed that Monday's rally was unable to carry through and were con-

Closing prices and market reports were not available for this edition.

Concerned that the economy might worsen generally in the second half of the year,

The Dow Jones Industrial index lost 2.80 to 889.21 and the New York Stock Exchange Index 0.23 to 34.04—both fairly small declines. But all indices pointed lower. In a volume of about 8m. shares, the Transport Index lost 0.73 at 228.67 and Utilities 0.31 at 116.60. Stocks were down 0.97 at 305.76.

Actively-traded Bethlehem Steel and U.S. Steel lost 1 to \$22.8 and \$1 to \$33 respectively. A wildcat strike that started yesterday shut

down most iron ore production in Northern Michigan and Minnesota.

Pemco, delayed at the opening, rose \$1 to \$16 and Marmon, which was unchanged at \$18, Pemco reported improved earnings.

MONDAY'S ACTIVE STOCKS

	Stocks	Closing	Change
	traded	price	day
Reserve Oil & Gas	682,200	183	-1
General Mills	232,300	33	-1
Bethlehem Steel	232,300	33	-1
General Electric	148,500	54	+1
Philip Morris	148,400	48	+1
Polaroid	142,500	28	+1
Dow Chemical	140,500	31	+1
RCA and Co.	134,900	28	+1

On the American Stock Exchange prices were slightly lower in slow trading. The Annex index slipped 0.16 to 120.24 and declines led advances 167 to 176.

Investors Diversified Services' "A" rose \$2 to \$25 and the "B" stock was up 1 to \$6. Both had been delayed at the opening.

Allegany Corp., unchanged at \$143 on the NYSE, said it would buy 200,000 Investors Diversified "A" shares at \$28 each and 13m. "B" shares at \$7 each.

OTHER MARKETS

Canada mixed

Canadian shares were broadly higher in light noon trading in Toronto with only the consumer products sector lower. Advances were ahead of declines by 147 to 109 and the composite index was up 4.1 to 1,037.8. The Metals and Mining index rose \$1 to 998.2.

Dupont of Canada gained 1 to \$144 and Brunswick Mining and Smelting added 5 cents to \$4.35. Both reported improved earnings.

Indices

NEW YORK - DOW JONES

	Aug. 1977 Since compilation					
	Aug.	July 29	July 27	July 26	July 25	July 24
Industrial	851.81	889.07	886.56	886.45	886.18	874.24
H'me B'nds	92.49	92.51	92.24	92.74	92.78	92.04
Transport	223.46	223.32	223.47	222.42	223.51	227.58
Utilization	118.95	119.37	116.85	118.39	117.97	118.10
Trading vol. (000)	17,320	20,356	20,340	20,440	21,290	20,430

* Basis of index charged from July 1.

Ind. div. yield %

5.01 4.81 4.67 3.83

STANDARD AND POORS

	1977 Since compilation					
	Aug.	July 29	July 27	July 26	July 25	July 24
Industrial	108.91	108.82	108.44	108.82	110.11	110.81
Composite	92.19	92.85	92.78	92.64	92.27	92.85
Trading vol.	1,270,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000

Ind. div. yield %

4.50 4.34 4.45 3.42

Ind. P/B Ratio

10.01 10.51 10.12 12.67

Long Govt. Bond yield

7.63 7.61 7.59 5.57

OVERSEAS SHARE INFORMATION

NEW YORK

Stock Aug. 1 July 29

ARMING AND RAW MATERIALS

rain affects
Soviet
rain belt

MOSCOW, Aug. 3.
EUROPEAN areas of the
Union had heavy rain
most of July, including
the grain regions such as
Ukraine and Northern
Russia, according to recent
reports.

Russia, which borders
and accounts for 3 per
cent of Soviet grain output,
are facing exceptional
losses in harvesting this
year as much of it is said
been flattened by heavy

rain said one in four
harvesters in Byelorussia
was out of action and
of repair.

now harvest progress
have given the impression
Soviet farmers had
successfully with the heavy
the end of July a
of the Soviet crop was
inconsiderably more
the same time last year.

Washington Congress and
members have agreed in
to support the establishment
farmer-held grain
at least 500m. bushels
an extended loan pro-

gramme came as mem-
mended efforts to settle
between the versions
Bom Bill passed by the
May and the Congress.

the approved plan the
ment of Agriculture
set the reserve pro-
include up to 700m.
of wheat.

1 dearer

of unshanted farm-
all increasing. Figures
by the Agricultural
Service Agricultural Mort-
tation show that in
quarter of this year
the price was £2,639 a
225 an acre).
ures were based on
received about sales
3,200 ha. The land
weighted for land
and other factors,
7 at the end of June.

PURCHASES

ACCRA, Aug. 2.
NA cocoa Marketing
purchases for the
of the 1977 mid-crop
July 28 were estimated
is.

eight cumulative pur-
the season so far to
s compared with 4,687
(4,762 tonnes) in the
weeks of last season,
on July 15.

MODITY MARKET REPORTS AND PRICES

METALS

st further ground on
London Metal Exchange
prices at 21.10.11.
month to date's
715 in the first five
news of a breakdown of
copper miners' strike
described as "severe".
this trend was
dissipating and
701.5 in the afternoon
and marginally to end at
Kerb Turnover, 31,225.

Metal Trading reported
cash wirebar traded
months 708.11.11.12.
11.12.13.14.15.16.
12.13.14.15.16.17.
Kerb Turnover 708.11.
12.13.14.15.16.17.
three months 705.11.12.

TIN-Kerbs reflecting the weakness of
other base metals and the lower Penang
month 52.20.21.22.23.24.
12.13.14.15.16.17.
Kerb Turnover 52.20.21.
12.13.14.15.16.17.

LEAD-Lost ground in sympathy with
cooper. After moving up to 25.21.22.23.
the first ring forward material came off
with other metals and ended at the
same level as the late Korb Turnover, 4,780 tonnes.

ZINC-Lower in line with the general
trend. Former material hardened to 25.21.
in the morning rings but subsequently fell
back to 25.11.12.13.14.15.16.17.
Kerb Turnover 4,780 tonnes.

SILVER-Silver was fixed at 25.21.
12.13.14.15.16.17. Korb Turnover 4,780 tonnes.

WHEAT-Wheat was fixed at 25.21.
12.13.14.15.16.17. Korb Turnover 4,780 tonnes.

COFFEE-Coffee was fixed at 25.21.
12.13.14.15.16.17. Korb Turnover 4,780 tonnes.

SOYABEAN MEAL-Soyabean meal
was fixed at 25.21.
12.13.14.15.16.17. Korb Turnover 4,780 tonnes.

SUGAR-Sugar was fixed at 25.21.
12.13.14.15.16.17. Korb Turnover 4,780 tonnes.

Wool Futures (Lb per kilo)

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STOCK EXCHANGE REPORT

Markets continue to rise on hopes of cheaper money

Index up 5.6 more at 451.9—Gilt end well below best

Account Dealing Dates
Option
First Declaration Day
Declarations Dealings Day
July 11 July 21 July 22 Aug. 6
25 Aug. 4 Aug. 5 Aug. 16
Aug. 8 Aug. 18 Aug. 19 Aug. 31

"New money" dealings may take place from 9.30 a.m. two business days earlier.

The exhaustion of the £80m long tap stock gave added impetus to the gilt-edged market after its good advance over the previous four days on sterling's loosened tie against the U.S. dollar, but quotations ended well below the best with sentiment undermined by inflationary fears.

Short-dated issues saw less demand than recently and sometimes ended a shade easier ahead of to-morrow's opening of the application lists for the new £50m Treasury 9½ per cent, 1981 short tap and the £25m Liverpool 13½ per cent, 1983 stocks; both are expected to attract a good following, particularly in the latter on which only £1m is payable on application.

The Government securities index improved 0.17 more to 65.00, making a rise of 1.55 in the last five trading days.

Leading equities, already firm ahead of the opening of trade in the Funds, again attracted only a modest demand and a rise of 5.1 in the F.T. Industrial Ordinary share index at 10.40 was restricted to 1.2 at the day's best at 2 p.m. Prices turned down later, still in sympathy with gilt-edged, and the closing index was 5.6 up at 451.9 which is nearing the 460 high of the trading range seen over the last six weeks. Trade in the leaders was limited with the second-line and other more speculative issues again attracting most of the attention and official markets of 5.73 compare with around 5.51 in the previous seven trading sessions. The widespread nature of the improvement was seen in rises outnumbering falls by nearly five-to-one against three-to-one on Monday.

Gilt oil over

The surprise announcement of the exhaustion of the long tap at a price of 27½ for the £50 paid Treasury 11½ per cent, 1991 stock at the start of trade yesterday provided another fillip to the recently buoyant gilt-edged market. The tap touched 27½ before ending 1 up at 27½. Quotations at the long end of the market were raised 1 and gains were extended to 1 in the second trade before falling off to end no more than 1 to 1 better generally with a couple of exceptional gains of 1 among the high-coupon issues.

Short-dated issues were quieter than recently, made only modest progress at the start and also turned easier in the later trade. Exchequer 12½ per cent, 1981 touched 10½ and ended unaltered at 10½ with the price tending to ease further in after-hours business, while in the shorts, Chemicals closed firmer for Treasury 11½ per cent, 1978, put choice. ICI edged forward in thin trade 1 up to 10½ ahead of going ex trading to finish 4 better at 32½, dividend to-day, while Treasury while Rentokil ended 2 harder at

31 per cent, 1978/81 gained 1 to a fresh 1577 peak of 30½. The reaction, quite apart from the technical considerations, owed much to broker's bearish predictions of continuing high inflation.

M. & S. good

The sharp rise in U.S. Treasury Bill rate had no effect on sentiment, being countered by the recent turnaround in domestic rates as shown in the fall of 1 to 9½ per cent in the rate at which this week's issue of Local Authority yearlings are to be issued.

Rates for investment currency slipped back yesterday on arbitrage selling in an unselling market with the background news from the U.S. undermining sentiment. After opening lower, the trading range of the premium fell from 113½ per cent to a low of 111 per cent, before steady on the odd buying order and closing at 111½ per cent. Trade was reasonably active. The SE conversion factor was 0.7083 (0.6966).

Home Banks dull

The four large clearing banks moved against the trend yesterday on the probe by the new Price Commission into their charges. Prices finished a couple of pence above the day's lowest but Lloyd's still sustained a loss of 4 at 238p, while Barclays were 3 off at 273p, after 272p. Elsewhere, Discounts continued firm in sympathy with the further early advance in gilt-edged securities. Union Bank rose 1 to 355p, up 15 and Gillett & Co. improved 10 to 200p. A combination of bid and lower interest rate hopes helped Lloyds and Scottish rise 5 to 93p, after 84p, in Hires purchase.

Breweries made modest headway despite the current controversy over the Price Commission's report on beer and news of the production setback in June. Bass Charrington hardened 2 to 121p, while Allied, 73p, and A. Gurney, 133p, both finished a penny better. Border were supported to 30p up 4.

Buildings paraded several firm features but the volume of business was small. Buying ahead of the forthcoming Interim report helped London Brick 2½ to 2½, while AP Coatings closed a similar amount dearer at 192p. G. H. Downing gained 8 to 154p on the chairman's encouraging annual report, while hopes of lower interest rates left house-builders Barratt Developments 3 up at 79p, after 82p, and Gough Cooper, 5 higher at 50p. Richard Costain rose 6 to 222p. Magnet and Southern improved 3 to 157p. Still on the better-than-expected results, Phoenix Timber improved further to touch a 1977 peak of 120p before easing on profit-taking to halve a penny down on balance at 118p.

Foods enjoyed a reasonable trade and closed firmer. J. Sainsbury rose 5 to 179p, while others of the market yesterday—follies of major reorganisation—dropped 25 to 250p in the absence of any further developments.

Matthews Holdings hardened 2 at 51p, after touching 50p, while the Preference opened and closed at 55p, after 56p on the agreed terms from Thomas Borthwick which fell to 75p. Matthews Holdings' 49 per cent Preference and 35p shares were marked up 3 to 56p.

Linfood moved up 1 to 258p with the help of Press comment upon its performance. Wheatcroft Dts, the Ordinary rising 3 an imminent bid from Racial Electronics which recently acquired a 9.2 per cent share holding. Jones Woodhouse prices 7 to 164p on the chairman's prospectus. Adams & Gossel were raised 4 to 176p and the new oil-paid shares 1 to 214p premium.

Hotels and Cafeterias were also firm, helped by buoyant tourist spending. Ladbrooke were in front of the market's leaders, 100p, while Hotels & Cafeterias, the Ordinary, rising 4 to 176p and the new oil-paid shares 1 to 214p premium.

Electronics, which recently acquired a 9.2 per cent share holding, Jones Woodhouse prices 7 to 164p on the chairman's prospectus. Adams & Gossel were raised 4 to 176p and the new oil-paid shares 1 to 214p premium.

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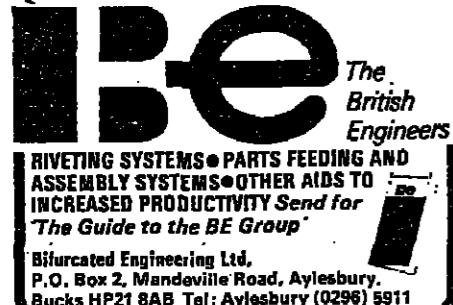
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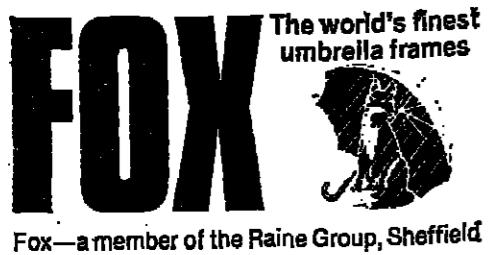
Electronics, which recently acquired a 9.2 per cent share holding, Jones



FT SHARE INFORMATION SERVICE

INDUSTRIALS
(Misc.)
BRITISH FUNDS

High	Low	Stock	Yield	Red.
Shorts' (Lives up to Five Years)				
1001	95	Treasury 1 Dec 77-78	100.00	11.4%
994	94	Treasury 1 Feb 77-78	100.00	7.60
994	94	Treasury 1 Apr 77-78	100.00	4.05
994	94	Treasury 1 June 77-78	100.00	3.98
994	94	Treasury 1 Sept 77-78	100.00	5.52
994	94	Treasury 1 Dec 77-78	100.00	8.72
994	94	Treasury 1 Feb 78-79	100.00	10.34
994	94	Treasury 1 April 78-79	100.00	11.34
994	94	Treasury 1 June 78-79	100.00	7.04
994	94	Treasury 1 Sept 78-79	100.00	7.74
994	94	Treasury 1 Dec 78-79	100.00	8.72
994	94	Treasury 1 Feb 79-80	100.00	9.48
994	94	Treasury 1 April 79-80	100.00	10.34
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994	94	Treasury 1 Feb 90-91	100.00	9.48
994	94	Treasury 1 April 90-91	100.00	10.34
994	94	Treasury 1 June 90-91	100.00	7.04
994	94	Treasury 1 Sept 90-91	100.00	7.74
994	94	Treasury 1 Dec 90-91	100.00	8.72
994	94	Treasury 1 Feb 91-92	100.00	9.48
994	94	Treasury 1 April 91-92	100.00	10.34
994	94	Treasury 1 June 91-92	100.00	7.04
994	94	Treasury 1 Sept 91-92	100.00	7.74
994	94	Treasury 1 Dec 91-92	100.00	8.72
994	94	Treasury 1 Feb 92-93	100.00	9.48
994	94	Treasury 1 April 92-93	100.00	10.34
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994	94	Treasury 1 Dec 99-00	100.00	8.72
994	94	Treasury 1 Feb 00-01	100.00	9.48
994	94	Treasury 1 April 00-01	100.00	10.34
994	94	Treasury 1 June 00-01	100.00	7.04
994	94	Treasury 1 Sept 00-01	100.00	7.74
994	94	Treasury 1 Dec 00-01	100.00	8.72
994	94	Treasury 1 Feb 01-02	100.00	9.48
994	94	Treasury 1 April 01-02	100.00	10.34
994	94	Treasury 1 June 01-02	100.00	7.04
994	94	Treasury 1 Sept 01-02	100.00	7.74
994	94	Treasury 1 Dec 01-02	100.00	8.72
994	94	Treasury 1 Feb 02-03	100.00	9.48
994	94	Treasury 1 April 02-03	100.00	10.34
994	94	Treasury 1 June 02-03	100.00	7.04
994	94	Treasury 1 Sept 02-03		



Fox—a member of the Raine Group, Sheffield

FINANCIAL TIMES

Wednesday August 3 1977

U.S. monetary policy tightened by Fed

BY STEWART FLEMING

THE NEW YORK Federal Reserve Board's operations in the money markets over the past two days have convinced analysts that the board has tightened its monetary policy since last week more firmly than some originally supposed.

There seems to be fairly widespread agreement that it is aiming to hold the key federal funds interest rate (the rate of interest banks charge each other on reserves) at a weekly average of around 5½ per cent compared with 5½ per cent it had been trading around in recent weeks.

Yesterday the Board allowed federal funds to trade up to 5½ before intervening to stem the rise.

The sharpness of the upward adjustment reflects the board's reaction to the surging growth of the U.S. money supply through July which culminated with last Thursday's announcement of a near record rise in the money supply and both M1 and M2.

According to Salomon Brothers

estimates the annual average of growth rates over the past four weeks for M1 is 15.8 per cent, and for M2 14.5 per cent. (M1 is currency less current accounts M2 includes deposit accounts.)

These rates compare with long-term targets for the growth of the money supply of 4½ per cent for M1 and 8½ per cent for M2. These targets were confirmed by Dr. Arthur Burns, the Board's chairman, on Friday and are aimed at slowing the growth of money supply to control inflation.

With the recent growth of the money supply proceeding at levels well above these long-term targets money market analysts are conscious that further tightening of the Board's credit policy is likely later this month unless the growth slows significantly in the coming week.

As one New York analyst put it, the Fed is much more concerned about a conflict between a restrictive monetary policy and economic growth.

Investors in ordinary shares are already demonstrating their concern about the prospect of such a conflict, however, and it is something which worries politicians too.

In the meantime, while short-term commercial interest rates are moving up in response to the tighter credit stance to the long-term bond markets, after some nervousness at the end of last week they appear stable.

ICI workers breach 12-month rule with 30% pay claim

BY DAVID CHURCHILL, LABOUR STAFF

CLERICAL STAFF at ICI have sent by the TGWU and 3,000 withholding Government submitted a claim for pay rises white-collar staff represented by financial aid. Of up to 30 per cent in lieu of ASTMS is seeking 30 per cent any settlement under Phase Two of the pay policy which expired on Sunday and in breach of the 12-month rule.

The claim, which was submitted to the company last week and covers 11,000 clerical workers, is virtually a carbon copy of a claim submitted by Shell workers.

As with the Shell claim, ICI is being asked to give "substantial rises" immediately for the clerical staff as well as generous improvements in fringe benefits, such as extra holidays, a shorter working week, improved pensions and sickness pay, and consolidation of the pay policy supplements. In total this claim represents about 30 per cent increase in earnings.

ICI's clerical workers were due for a pay settlement on June 1 but decided to wait until last week before submitting a claim for rises from August 1. Other ICI white-collar workers, including technical and supervisory staff, and 60,000 manual workers have already told the company they want substantial pay rises although no firm negotiations have so far been held.

The clerical workers are represented by the Transport and General Workers Union, the Association of Scientific, Technical and Managerial Staffs, and the General and Municipal Workers' Union. But the Shell claim, covering 4,000 refinery workers repre-

Israel to aid settlements on West Bank

BY DAVID LENNON

TEL AVIV, August 2

ISRAELI JEWS will be encouraged to move to the three West Bank settlements that Israel legalised last week in spite of U.S. disapproval according to a proposal which the Minister of Industry and Commerce will soon present to the Israeli Cabinet. Approval at the moment seems likely.

The Ministry of Industry announced to-day that it will seek approval to extend Development Zone "A" status to Maale Adumim, Alon Moreh, Ofra and some other towns and villages in the occupied West Bank, the Golan Heights and the Sinai peninsula.

Jews moving to these settlements would be granted various financial incentives, including a lower income-tax rate and the cheap housing arrangements accorded to persons living in development areas.

The proposal seems contrary to the reported views of President Carter, who apparently told Mr. Menachem Begin, the Israeli Prime Minister, on his visit to Washington that the U.S. was against the establishment of new settlements in the occupied territories.

However, Mr. Carter was following that meeting Mr. Sharon met with representatives of Gush Emunim, the militant Rightwing body which favours widespread Jewish settlement on the West Bank. Gush Emunim was instrumental in the establishment of two of the three West Bank settlements legalised by the government last week.

Continued from Page 1

Sadat

Asked whether Israel would have the right to exclude the PLO Mr. Vance said "I have to discuss it."

Mr. Sadat referred in a brief opening address to areas on which he had disagreed with the American Secretary of State. He said: "In spite of the fact we may have differed on certain issues, we are both seeking peace on justice."

Mr. Vance is due in Damascus tomorrow, after spending a few hours in Beirut for talks with President Elias Sarkis and other Lebanese officials.

The consensus among Beirut observers is that the American Secretary will face the toughest part of his Arab mission when he meets with the Syrian President.

Under Mr. Assad, Syria has accepted the principle of a negotiated settlement with Israel. But unlike Egypt it does not believe Washington holds 99 per cent of the cards for a Middle East settlement, however important the American role may be.

New Japanese TV is 70% British

BY JOHN LLOYD, INDUSTRIAL STAFF

NATIONAL PANASONIC, Ultra and Ferguson brands, uses Japan's largest television manufacturer, yesterday launched a for its sets, after the closure of 22-inch colour television set for two years ago. It reckons to take a further 10 per cent of its components from the Far East giving it a British-made component ratio of around 60 per cent.

This means that the Japanese set—known as the TC-2201 and manufactured at the company's Cardiff plant opened early this year—contains at least as many (and often more) British-supplied components as some sets made by British companies.

The new set will use a tube made by Mullard at its Simonstone (Chichester)—printed circuits, Carrington Manufacturing (Croydon)—cabinets; Derwent Plastics (York)—injection moulded plastic components; Finsel Metal Products (Aberdeen), metal pressed parts.

The irony implicit in National Panasonic's announcement is that many major British suppliers have a higher proportion of foreign-made components in their colour TV sets. This is especially the case in the smaller sets of 20 inch and below.

Thorn, which markets the month.

Weather

UK TO-DAY

A TROUGH of low pressure extending from Cornwall to N.E. England will move slowly S.E. Cloudy with showers, becoming brighter in W. Wales in S.E. London, S.E. England, E. Anglia.

Mainly dry, sunny intervals, showers developing Max. 24C (75F).

Cent. S. England, Midlands, E. England, Channel Isles, Cent. N.

BUSINESS CENTRES

	Y'day	mid-day	mid-night	Y'day	mid-day	mid-night
Alexandria	S 22	98	Luxemb.	F 19	64	
Asterdam	S 19	67	Maurit.	S 20	64	
Baltimore	S 24	72	Mid-Han.	S 25	77	
Belfast	S 26	81	Milan	S 25	77	
Berl.	G 15	61	Moscou	F 21	95	
Birmingham	S 24	72	Monich.	S 24	72	
Bristol	S 23	61	Montreal	S 24	72	
Bruksela	S 19	67	Oslo	S 24	72	
Cambodia	G 18	64	Paris	S 18	64	
Cambridge	F 28	72	Perth	S 18	64	
Copenhagen	F 28	72	Riga	S 24	72	
Dublin	F 28	72	Rirkurkiv.	F 19	64	
Edinburgh	F 28	72	Rome	S 25	78	
Frankfurt	S 21	72	Stockholm	F 23	78	
Glasgow	F 17	72	Florence	S 23	78	
Genova	S 21	72	Helsinki	C 13	39	
London	F 27	72	Tel Aviv	S 21	64	
Lisbon	S 22	72	Vicenza	S 16	64	
Zurich	F 18	72	Vilnius	S 14	73	

Outlook: Unsettled with showers or longer periods of rain.

HOLIDAY RESORTS

	Y'day	mid-day	mid-night	Y'day	mid-day	mid-night
Alacire	F 25	72	Las Plaz.	S 24	72	
Biarritz	F 25	68	Lecrane	S 24	72	
Blackpool	F 25	68	Liverp.	S 23	68	
Bonnieux	F 24	72	Madrid	S 24	72	
Borleng.	F 24	72	Malaga	S 24	72	
Casablanca	F 24	72	Malta	S 27	61	
Corfu	F 24	72	Naples	S 27	61	
Dubrovnik	F 24	72	Palma	S 27	61	
Erlauf	F 24	72	Porto	S 27	61	
Funchal	F 23	72	Rodos	S 27	61	
Garmisch	F 23	72	Salzburg	C 14	37	
Holmenk.	F 23	72	St. Moritz	S 27	61	
Istrian Riv.	F 23	72	Valencia	S 27	61	
Isle of Man	F 24	72	Venice	S 24	72	

THE LEX COLUMN

Sterling cue for interest rates

Index rose 5.6 to 451.9

temporarily unsettled sentiment.

Housebuilding

Housebuilders have seen many false dawns lately, but week's sets of statistics some real hope on Monday's price figures indicate a 3 per cent rise—3½ per cent on new homes—in the quarter. That is double previous rate of increase comes largely ahead of the fit of two mortgage rates. And yesterday the building figures upset most predictions showing that starts in were below 12,000 units. They are directors of a public company and are in possession of price sensitive information which could not deal with the excellent exchange of the day. However, there can be no disguising the way sentiment has changed on the interest rate front over the past week.

The coupon on the weekly issue of local authority negotiable bonds was cut by ½ of a point yesterday—the sharpest drop since mid-January. One year CD rates have dropped by more than a point since last week, and Treasury bill rates are now pointing to a quarter point fall in Minimum Lending Rate on Friday.

Until last week the authorities appeared intent on holding the exchange rate down as a precaution against any nasty side effects from the collapse of Stage Three, and concern about official funding needs was causing nervousness about interest rates on the upside.

However, the extension of the long tap, on which there is a call of £512m next week for which their firm acts as a lending agent, means that there need now be no concern about the funding should the requirement be monitored. And a £26m in 1976 will ha

reaching up to the August number of other obvious pre-arrangements. As keeping any corporate finance to the slow start to 1977, the Stock Exchange report: the authorities may only have apparently had no qualms about covering some of their requirements for the early autumn.

However, the Stock Exchange only has limited power to make things easier for the last 11 per cent increase if building volume starts to recover. There is precious evidence of trading up a month level from now on.

But the Stock Exchange's success story, which has contributed to from now on, it looks as though a badly needed rethink by the Letraset will have to adjust to Stock Exchange of the way that much less exciting growth rates, member firms should behave. Second half sales expansion was when potential conflicts of just 13 per cent, and while the group is capable of maintaining

long run volume growth of 6 brick increases over, it is highly cautious and tied by bankers who want to reshape

interest rate hopes it will have nowhere further to go after touching 24 per cent

in the second six months. A p.e. of 6 fortunately has no illusions about this, and Letraset housebuilders yesterday, in which he was a director, could still easily make £7.5m. Gough Cooper up 5% at 50% committee said, he left himself pre-tax this year. But the group Barratt Developments up and his partners open to is no longer so well protected 79p—the first signs of it

interest rate misunderstanding against a general setback in the sector for some time.

The Stock Exchange has now world trade, and it is likely to figure yields, may be

clarified this position further, by seek growth through acquisition acceptable behaviour by its shares as well as its fast increases. Partners or employees cash balances could the first half of 1978.

ARLINGTON MOTORS

PASSENGER AND COMMERCIAL VEHICLE SPECIALISTS

20% increase in pre-tax profit and encouraging prospects

Extracts from Mr. H. C. H. Hoyle's Statement to shareholders

"Profit before taxation showing an increase of 20%, or £109,000, and an increase in sales of more than a third must be regarded as outstanding for a Company which is predominantly based on the commercial vehicle market which was down again in unit volume on the depressed figures of the preceding year."

"During the April/June quarter 1977 we have seen an increase in enquiries for trucks and we feel pent up demand is growing. Sales of cars are up 43%, and light vans by 128%, in this quarter. Overall trading results are impossible to assess in the current economic conditions but we feel confident that a modest continuation of the trading improvement we have seen should provide us with a very satisfactory year."

	1976/7 £'000	1975/6 £'000

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